INTERNATIONAL MARKETING INFORMATION SERVICE

COUNTRY MARKET SURVEY

MALAYSIA SINGAPORE

U.S. DEPARTMENT OF COMMERCE/Bureau of International Commerce

BUREAU OF INTERNATIONAL COMMERCE

COUNTRY MARKET SURVEY

Malaysia Singapore

INTERNATIONAL MARKETING INFORMATION SERVICE

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BUREAU OF INTERNATIONAL COMMERCE
Harold B. Scott, Director

October 1969

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BY

FLOYD J. DUBAS

BUREAU OF INTERNATIONAL COMMERCE

The author supervises a group of foreign country officers in the Far Eastern Division in the surveillance of the Department's commercial interests in certain Southeast Asian countries. Previously, he served as Commercial Attache in the Embassy in Kuala Lumpur, and as a foreign country officer for several Far Eastern countries in the Department. He was also on the faculty of Georgetown University as assistant lecturer on international commerce and surveying foreign markets.

Much of the factual content of this report has been drawn from material forwarded to Washington by the American Embassies in Kuala Lumpur and Singapore. Serving as Commercial Attache in Malaysia has given the author valuable market background and insights, and a visit to these countries for consultations with representatives of business firms and Government agencies offered a means to up date market facts and assessments.

This project owes much to the help of others including Cornelis J. Goinga, Commercial Attache in Kuala Lumpur, Albert K. Ludy, head of the economic and commercial section in Singapore, and their staffs. The excellent response from business and Government officials in Malaysia and Singapore also is acknowledged. The survey project and the preparation of this report have been directed by Eugene J. Kaplan, Director of the Far Eastern Division.

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FOREWORD

We in the Bureau of International Commerce often have reason to believe that American exporters are not giving enough attention to market opportunities in some of the developing countries in Asia. The present small 6 percent U.S. share of the $2.5 billion market in Malaysia and Singapore is a sharp reminder that this may be so.

These countries have stable governments and viable and prosperous economies. Both are endowed with talented and resourceful citizens, and an abundance of natural resources. They have a history of efficient public administration and have conceived and implemented sound social and economic development plans which have yielded very gratifying results. Imports are free from regulatory restraints and increasingly open to competition.

Some of the past indifference by U.S. exporters to these markets may be because they were virtually shut out of them by restrictions until a few years ago. These markets also were reserved for British suppliers due to recent colonial attachments.

Many American suppliers have already found that imports into these countries are unrestricted and increasingly competitive, and that there are ready customers for foreign goods and know-how who are receptive to American products and services.

The purpose of this report is to tell other American exporters about these and other important features of the markets in Malaysia and Singapore, and to encourage them to include these countries in their future foreign market development plans.

October 1969

Harold B. Scott
Director, Bureau of International Commerce

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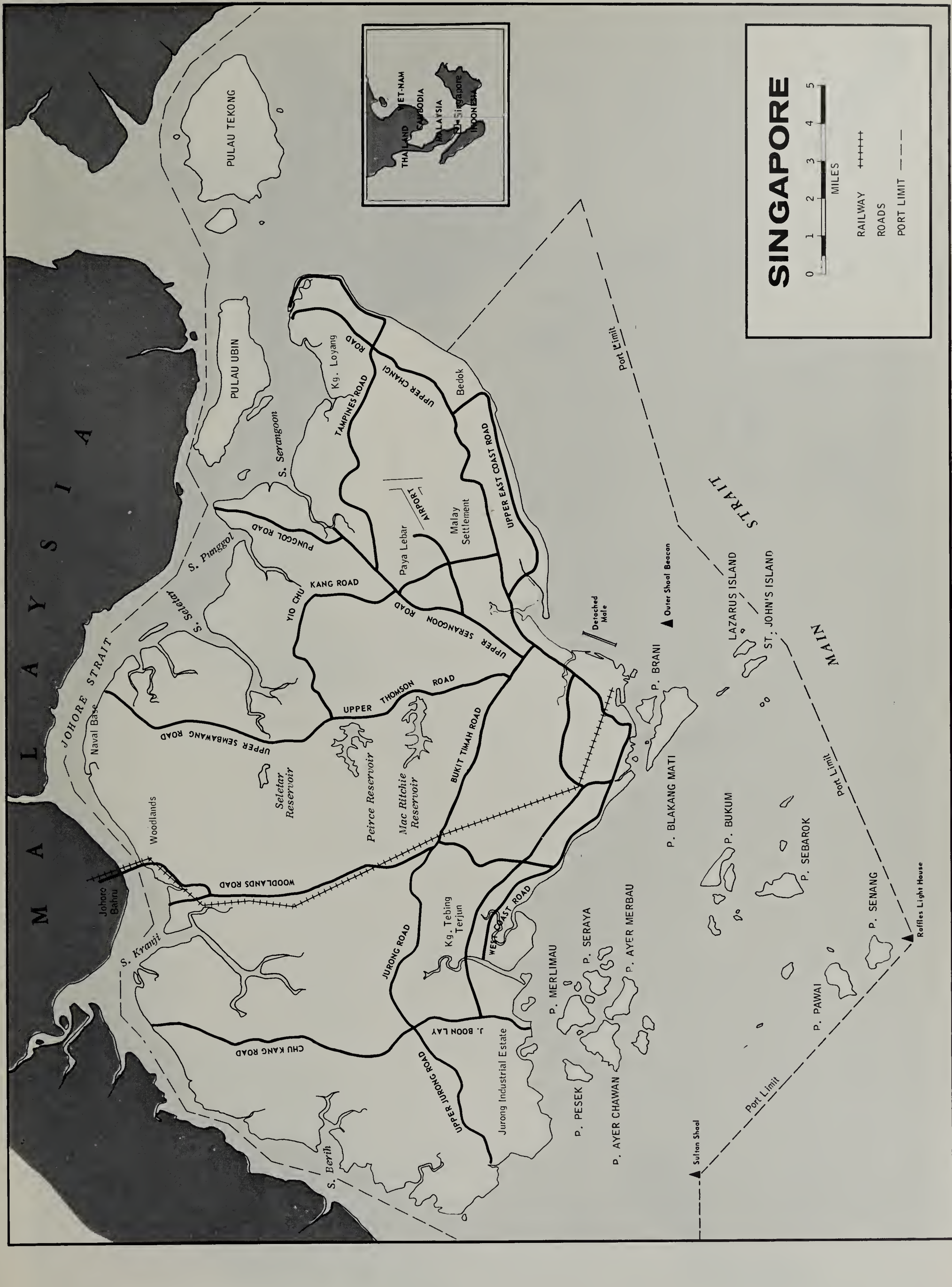
APPENDIXES


SINGAPORE
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MILES
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PULAU TEKONG
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S. Serangoon
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S. Seletar
Naval Base
Woodlands
Johore Bahru
S. Kranji
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Seletar Reservoir
Peirce Reservoir
Mac Ritchie Reservoir
BUKIT TIMAH ROAD
WOODLANDS ROAD
YIO CHU KANG ROAD
PUNGGOL ROAD
UPPER SERANGOON ROAD
TAMPINES ROAD
UPPER CHANGI ROAD
Kg. Loyang
Bedok
UPPER EAST COAST ROAD
AIRPORT
Paya Lebar
Malay Settlement
Detached Mole
Outer Shoal Beacon
P. BRANI
P. BLAKANG MATI
LAZARUS ISLAND
ST. JOHN'S ISLAND
STRAIT
MAIN
Port Limit
Port Limit
Port Limit
P. BUKUM
P. SEBAROK
P. SENANG
Raffles Light House
P. PAWAI
Sultan Shoal
Kg. Tebing Terjun
WEST COAST ROAD
JURONG ROAD
J. BOON LAY
CHU KANG ROAD
UPPER JURONG ROAD
Jurong Industrial Estate
P. MERLIMAU
P. SERAYA
P. AYER MERBAU
P. PESEK
P. AYER CHAWAN


MALAYSIA
Main Roads
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SOUTH CHINA SEA
BALABAC STRAIT
West Malaysia
East Malaysia
INDONESIA
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RUBBER
MALAYA
THAILAND
STRAIT OF MALACCA
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Butterworth
Penang
BURMA
LAOS
VIET-NAM
CAMBODIA
THAILAND
MAINLAND CHINA
TAIWAN
PHILIPPINES
MALAYSIA
INDONESIA
Bay of Bengal
INDIAN OCEAN
SOUTH CHINA SEA
Celebes Sea
Java Sea

CHAPTER *I*

The Market Setting

This survey discusses the market prospects for U.S. products in two countries: Malaysia and Singapore. Both areas were merged into a single Malaysian nation for a period of two years, 1963-1965, ending with the withdrawal of Singapore, which became an independent nation. Before the merger, West Malaysia had been an independent nation as the Federation of Malaya since 1957, and Singapore, Sabah, known as North Borneo, and Sarawak (the latter two are now East Malaysia), were under British colonial administration.

During the brief span when these areas were a single state, one of their major economic goals was the gradual implementation of an integrated industrial and marketing community. This concept anticipated appropriately dispersed industrial development with no tariff barriers to impede the flow of goods from one area to the other. The withdrawal of Singapore from Malaysia ended the common market commitment of these areas.

Subsequent events have at least proven the viability and vitality of the economies in Malaysia and Singapore. Malaysia continues to move forward, and is benefiting from earlier diversification efforts which included a particularly effective rubber replanting program that materially raised the yield of rubber trees and counteracted somewhat the consequences of a worsening world price for natural rubber. Singapore, with more limited development alternatives, has forged ahead in industrial development by accenting production for export and winning new markets for local products and entrepot trade.

Geographically, these countries comprise three areas: Singapore and West and East Malaysia, the latter two separated by several hundred miles of ocean. Market demands and marketing characteristics are common to all three areas, and are based on the recent colonial attachment to the United Kingdom. This may entitle these areas, in some respects, to be regarded as a single market by U.S. suppliers. Customers in all three areas are equally oriented toward British products, customs and techniques; British standards generally apply equally in all areas in engineering, construction and industrial products; marketing practices and techniques are alike; and international commerce is dominated by a small number of large foreign-owned, mostly British, trading establishments which

NOTE: All value figures in this report are in U.S. dollars. The currencies of both Malaysia and Singapore are the local dollar. For the sake of convenience and with minimal deviation from accuracy, the values stated in this report have been in most instances converted from Malaysian and Singapore currencies at a rounded rate of 3 local dollars per U.S. $1. Thus, readers who compare the U.S. dollar amounts in this report with those appearing elsewhere which are based on more exact conversions, may find small discrepancies.

Lighters transport incoming goods from ships to warehouses along the busy Singapore River. Singapore serves a major role as a distribution and reexport center.

together with locally owned companies operate through a network of sales branches, representatives and salesmen capable of marketing effectively in all three areas.

In many respects, the West Malaysia and East Malaysia markets and their import requirements are alike. A major difference is West Malaysia's more advanced economic development and hence larger import demands. Import requirements stress capital equipment mainly for development of agricultural resources, infrastructure, and rapidly expanding manufacturing industries. There are fewer markets in Singapore in view of its limited land area and natural resources and small population. But the markets in Singapore, which are also common to Malaysia, e.g., social and economic infrastructure development and manufacturing, are indeed significant. Although they are presently smaller than in Malaysia, expansion is taking place at a faster rate.

In view of Singapore's important entrepot activities, its import requirements of interest to U.S. suppliers are not limited to internal needs. Malaysia's import demands may also be regarded as import requirements in Singapore, whose importers purchase from foreign suppliers for direct, reexport, or transshipment deliveries to Malaysia. Also, since Singapore is a distribution center for other Asian countries, American suppliers may wish to identify market requirements in Southeast Asia which may be most effectively supplied via distribution outlets in Singapore.

There are significant differences between the three geographic areas of interest to U.S. suppliers exploring these markets. West Malaysia is primarily a well developed agrarian society with significant development in forestry and minerals, and growing industries. In East Malaysia, agriculture and forestry have remained the pillars of the economy; manufacturing makes only a minor contribution. In both areas, but mainly in West Malaysia, other important markets are created by the development of social and economic infrastructure and construction activity in the public and private sectors.

Singapore's principal economic activities are foreign trade, including entrepot, and the supporting services consisting of shipping, warehousing, banking and domestic trade. Manufacturing in Singapore is fast becoming a major economic activity which receives high priority from government and business. Some of Singapore's other economic pursuits duplicate those in the Malaysian areas, but on a smaller scale.

Singapore's imports are for internal consumption and for reexport and transshipment. In 1967, about one-third of all Singapore exports were mostly to West Malaysia and some to East Malaysia. The bulk of the shipments to Malaysia were reexports; products of Singapore industries were only a minor part of these cargoes. Also, since Singapore possesses more adequate port and allied shipping services, many shipments destined for Malaysian ports are often off-loaded in Singapore and transshipped to Malaysia. Important Singapore reexports consist of raw materials imported from Malaysia, Indonesia and other Southeast Asian areas for processing and reexport to developed countries.

Another important feature of Singapore as a market is its expanding role as a regional distribution depot for goods suitable for warehousing and redistribution, and headquarters for regional market development activities.

West Malaysia is the most heavily and widely settled and most socially and economically developed of the Malaysian areas. It has 85 percent of Malaysia's 10 million people, and accounts for 75 percent of the annual gross national product (GNP) and more than 80 percent of annual imports. Malaysia's economy is mainly free enterprise with the public sector largely involved in infrastructure projects which are unattractive to private investors. These include the transport and communications systems, except bus and truck facilities, the bulk of the electric power industry and water resources including irrigation. Agriculture and the initial processing of farm crops contribute about 25 percent to the annual GNP and constitute the principal support of the economy. Major crops are rubber, rice, palm oil and kernels, pineapples, copra and tea. All of these except rice are mostly for export and are important foreign exchange earners. West Malaysia obviously outranks East Malaysia as a market.

West Malaysia's extensive farming activities generate a steady and significant demand for equipment and supplies for existing operations, and continued expansion is seen. Major growth is expected in the production of rice, palm oil and pineapples, which will generate import demands. Rice farming which is growing in land area, crop yield and becoming more mechanized, will offer the best market for foreign suppliers of agribusiness equipment and supplies. U. S. suppliers are now meeting some of these demands, but they can increase their sales.

Manufacturing in West Malaysia, mainly in light industry products, is now contributing 10 percent of the nation's GNP, and promises to grow at a rate of 10 percent annually for the duration of the development plan (1966-70). Generous government incentive programs include tax relief, plant sites on industrial estates and protective tariffs. Emphasis has been on new factories to make import substitute goods, and a substantial dent has already been made in the importation of manufactured consumer goods by local producers who now have about 40 percent of the market.

All plant equipment is imported and the market is openly competitive. Sales are made by foreign suppliers capable and willing to cultivate customers who often demand adequate technical assistance and give liberal payment terms more weight than they give to price considerations in purchase decisions. Though U.S. sales have lagged in this field, it probably holds the most promise for U.S. suppliers in the West Malaysian market.

The Malaysian Government is an important customer for imported producer equipment and supplies. In the First Malaysia Plan for 1966-70, an average annual expenditure of $305.6 million is indicated for government development programs alone. These include national irrigation projects, expansion of power production and distribution facilities, land reclamation projects, transport and communications projects, and water works.

Consumer incomes and the market for consumer products are limited by western standards, and until a faster rate of industrial development is reached which will draw more heavily on the labor force, relatively small wage increases are envisioned. Although the Malaysian population is located mostly in rural areas, the market for consumer products is primarily in the

Modern buildings dot the Malaysian Federal Capital of Kuala Lumpur. U.S. suppliers to the construction industry benefit from the flow of world traders and tourists to Malaysia through increasing demands for new accommodations such as the Hotel Merlin.

cities and towns where consumer incomes are considerably higher.

East Malaysia is the least developed of the two Malaysian areas. Sarawak has about 888,000 people, and Sabah, 558,000. Together, they comprise a land area larger than West Malaysia, but account for only about one fourth of the Malaysian GNP. Sarawak's imports were $163.1 million in 1967; Sabah's amounted to $94.5 million. Both areas are included in the First Malaysia Plan, and substantial sums are earmarked mainly for infrastructure projects considered essential to stimulate and support economic development on a free enterprise basis.

Forestry and agriculture dominate the economy with the former making the principal contribution through log exports which exceed all other sources of foreign exchange. Other important Sarawak exports are rubber, pepper and sago flour. Sabah's other major products are rubber, copra, palm oil, hemp and coco beans; these are mainly exported.

Rice farming is to be materially expanded in East Malaysia and a rising palm oil industry is expected to continue its fast growth. A rich copper deposit was recently discovered in Sabah and is being developed by Japanese interests. Sabah produces frozen prawns in volume for export, an industry capable of expansion. A very small light manufacturing industry is expected to expand, with best growth potential in the manufacture of plywood, veneer and other wood products.

Except in mining and manufacturing, the markets in East Malaysia are similar to those in West Malaysia with the main difference one of size. Another difference of significance to the U.S. supplier is in channels of distribution. East Malaysian customers in most cases are reached through agency establishments in Singapore.

Singapore is often appropriately characterized as a city state. It is a land area of 225 square miles but with most of its 2 million energetic and resourceful people concentrated in a smaller area which constitutes Singapore City. Singapore's natural resources are limited, though its people make a comfortable living (per capita income is the highest in Asia, next to Japan) mainly in the service industries which comprise entrepot and domestic trade and its allied activities, and in a rapidly growing manufacturing sector.

Important Singapore assets are a strategic location on international sea and air routes; an excellent, well-equipped and efficiently operated port; quick shipping access to small and large ports in the region; competence in the conduct of commerce; and the availability of capital. Lacking the customary natural resources, Singapore has chosen to expand its entrepot trade and supporting commercial services, and to expand manufacturing.

This nation has made better than average progress in economic development since 1960. In the first half of this decade, GNP growth has averaged 8 percent per year. In 1967, which was the second year of Singapore's independence, GNP amounted to $1,250 million, or an increase of 18 percent over the previous year.

A highly sensitive element in Singapore's economic life is its employment level which must keep pace with rapid population growth. But there is also concern with maintenance of a healthy balance of international payments. Since entrepot trade has shown less promise in recent years, Singapore has stressed growth in manufacturing for export. This trend is demonstrated by the recent addition of a third major oil refinery, and the announcement by a large oil company of plans to install a fourth refinery in the near future. Promise is also seen for more employment and enhanced foreign exchange earnings through greatly increased tourism, accelerated construction activities and expansion of commercial services.

Singapore's leaders respond quickly to problems of national economic development. Upon separation from Malaysia, Singapore soon modified its development strategy by accenting the creation of new industries to produce for export. Additional impetus was given to already extensive infrastructure development, and new industry incentives were adopted to offset the investment advantages in other Asian areas in labor costs, access to raw materials and availability of markets.

The problem stemming from British plans to withdraw defense forces and facilities by 1971, which account for about 20 percent of Singapore's annual GNP, is being met by rapid changes in policies and programs to stimulate new economic activities. There is optimism in business circles that new public works and private construction, new factories and the fruition of entrepot trade opportunities will fill the gap created by British withdrawal.

Singapore's market sectors of interest to U.S. exporters bear a close resemblance to those in Malaysia. Import requirements for these sectors from western suppliers are generally identical; the main difference is in volume and the fact that Singapore distributors import goods for reexport to Malaysia and other Asian destinations.

Singapore, in common with Malaysia, has a large demand for imported machinery and equipment for government projects. Import transactions in this category are with government procurement officials, often on a tendering basis. Obviously, the selling efforts in most cases are most effective for Singapore requirements if they are initiated in that area, and for Malaysia's requirements if undertaken by sales outlets in Malaysia.

Yet in some cases, this is not an inflexible approach. The sales clinching factor in the marketing of complex producer goods unfamiliar to local customers, may be supplied by a manufacturer's representative functioning in several Asian countries from a regional base. Singapore is an ideal base for such an operation; it may also be appropriate in other Asian commercial centers. Furthermore, government procurement may be handled by a local agent in Singapore or a Malaysian city, but with deliveries made from a centrally located warehouse.

The best marketing sites for sales of machinery and equipment used in Malaysia, but not in Singapore, e.g., by rubber planters, rice farms and palm oil groves, may be in West Malaysia for customers in that area. However, import transactions may also take place in Singapore for deliveries to West and East Malaysia, and possibly for reexport to other Asian countries. Central marketing and distribution facilities are being increasingly developed in Singapore by U.S. suppliers. The best example of the latter is a computerized depot for the distribution of replacement parts for earthmoving equipment to several Asian markets by a single U.S. firm. This system is also applicable for consumer products, and probably will be increasingly adopted by suppliers of both types of products.

U.S. suppliers assessing the market for their products in any one of the geographic areas that comprise Malaysia and Singapore, may find that the market demand in all three areas should be explored as a prelude to devising marketing strategy and location of distributors or sales branches. Following an assessment of the various aspects of selling products in the several economic sectors, U.S. suppliers may arrange the most effective dispersal of market development and distribution facilities, their own or those available locally, to reach potential customers. An arrangement to disperse market facilities appropriately to maximize sales in all three areas may be expedited by consultations with experienced local trading firms which are capable of functioning in Malaysia and Singapore, and regionally as well.

A discussion of the major market sectors, identification of imported product needs in each of them, the size of the market and the present and potential U.S. exporter participation in sales is presented in Chapter VII which is entitled The Market Sectors, and in the chapters that follow dealing with product identification. The relative positions in the economies of Malaysia and Singapore of the various economic activities may be seen in the economic data tables in Appendix A.

CHAPTER ***II***

Scope and Character of Market

MARKET SCOPE

West Malaysia's imports are predominantly manufactured products, although local manufacturers now produce about 40 percent of domestic requirements. Local plants produce forest and petroleum products, auto and tractor tires, cigarettes, refined sugar, canned milk, beverages, chemical fertilizers, soaps and detergents, cement and cement pipes, asbestos cement building material, clay products, steel pipes, sheets and structural forms, aluminum sheets, leather and rubber footwear, textiles, foam rubber and other rubber products, plastic products and animal feeds. These are some of the principal products of this country's young industrial establishments, and most of them are protected by fairly high tariffs. For a more comprehensive listing of Malaysian manufactures, see Appendix D.

Most of West Malaysia's imports of manufactured products, valued at $416 million in 1967, included these principal categories: machinery and transport equipment valued at $192 million, or 22 percent of total imports, and chemicals worth $74 million, or 9 percent of all imports. Imports of raw materials which consisted largely of crude petroleum amounted to $121 million, or 14 percent of total imports, and other important crude material imports were tobacco, and rubber and oil seeds for processing and export.

The bulk of West Malaysia's foodstuffs requirements are locally produced. However, there are significant imports of rice which in 1967 amounted to $208 million, or 24 percent of total imports. Rice is purchased in the region, non-Asian countries are important sources of imported food items which include dried milk, cereal grains and preparations, and fresh and preserved fruits and preserved vegetables, and compete in the sale of these items mainly with Australian exporters. In addition, communist China has moved up recently as a source of prepared meats and fish, cereal preparations and processed fruits and vegetables.

Domestic consumption requirements in West Malaysia increased at an annual rate of 9 percent during 1960-65. The bulk of this increased demand has been met by stepped up local production, since the annual rate of increase in imports in recent years has been 4 percent. Planning officials see a slower growth rate in domestic production during the development plan period (1966-70), possibly at a rate of 7 percent in real terms; however, imports are not expected to rise at a higher rate than in recent years.

No substantial shift has occurred between 1961 and 1967 in the composition of import categories, except in machinery and transport equipment, which moved up from 16 percent of total imports in 1961 to 22 percent in 1967. Since the rate of expansion expected in domestic production may be higher than in imports, more significant shifts may be anticipated. For example, an anticipated increase in production of import substitute goods by light industries would suggest that imported industrial equipment may become more important. Also, planned expansion of rice production will reduce or eliminate rice imports in the early 1970's; expansion to the second stage of the steel plant in Prai will further reduce dependence on imports of structural steel and the initiation of new plants making consumer goods will lessen the demand for many of these items via the import route.

The Government's present involvement in large scale irrigation projects to increase rice production, which will result in bringing more than 250,000 acres of rice land into double cropping, may also produce significant changes in import demands. These projects in conjunction with programs to improve rice farming technology are expected to raise the level of farm incomes and enable the satisfaction of new demands for farm equipment and supplies and for consumer requirements in the rice farming communities.

Imports into Singapore, like those of Malaysia, are also predominantly manufactured goods and are supplied by developed Western and Asian countries. However, imports of raw materials, mostly from the region, for processing and export are also significant. In view of Singapore's small size and limited resources, import requirements for domestic consumption are smaller than in Malaysia. However, this strategically located city-state has developed a prosperous reexport trade and imports a wide range of manufactured goods for shipment to the markets in West and East Malaysia and other Asian countries. In addition, Singapore has developed a thriving entrepot trade activity in processing imported crude materials for export to world markets.

Only about 46 percent of Singapore's total imports of $1.5 billion are retained for consumption in that country, while the remainder is reexported in original or processed form. The bulk of Singapore's reexports are to West and East Malaysia, although some of these cargoes, often purchased in these areas by branches of trading firms serving the sub-region of Malaysia and Singapore, are merely transshipped through Singapore. See Marketing Structure and Characteristics in Chapter IV.

No estimate is available of Singapore's future import expectations. It appears likely, however, that growth will continue during the balance of the development plan period (1966-70) at the average annual rate of 8-9 percent, which prevailed since 1965 when recovery began from the effects of the Indonesian trade embargo adopted in 1963. This rate of increase probably would be higher if the trade figures used in its calculation had included trade with Indonesia which is flourishing again at pre-confrontation levels.

Some variation in progress of imports is seen in the principal import categories. Imports of machinery and transport equipment rose from 11 percent of total imports in 1962 to 13 percent of total imports of $193 million in 1967, reflecting Singapore's effort to expand manufacturing. About 64 percent were retained for use in Singapore as compared with a retention of 46 percent of all imports. This improved trend probably will accelerate in view of increased emphasis by the Government on manufacturing for export, shown in its recent actions to establish joint government/private sector financing for new factories and export market development facilities. These requirements are entirely imported, and exporters in Western nations and Japan are the principal suppliers.

Imports of manufactured products moved up from 11 percent of total imports in 1962 to about 18 percent of $266 million in 1967. About one half of these are reexported. Since further expansion in local manufacturing may displace imports for consumption and slower gains are likely in reexports of goods in this category, a more gradual growth in imports is therefore a possibility. On the other hand, a more rapid development of distribution facilities in Singapore by outside suppliers in order to be more competitive in the regional markets, may lead to increased orders for manufactured goods in Singapore.

Major industrial production in Singapore mainly for export includes plywood and veneer, structural steel, cotton clothing and piece goods. The most important products of Singapore's processing industries are rubber, petroleum products, sawn lumber, vegetable oils and two food items, spices and coffee. Singapore's light industries in which there already has been considerable development and whose products are for the domestic market and generally protected by tariffs, are in most cases those established in Malaysia. See listing in Appendix D of existing industries and products manufactured in Singapore.

With only a modest part of the foodstuff requirements of Singapore's 2 million people locally produced, imports are meeting the major needs. Food imports, particularly rice, are mostly from sources in the region. About one third of the food imports are reexported, and there are significant imports from Western sources for reexport as well as for local requirements. In the drive for industrialization new food processing plants which will cater to the domestic market will be established and displace imports further. However, rapid growth is expected in Singapore's already impressive consumer purchasing power which may expand food imports and offset those lost through local production of import substitutes.

SUPPLIER PATTERN AND PERFORMANCE

While no major changes have been noted in recent years in the relative strength in the Malaysia and Singapore markets of principal foreign suppliers with whom U.S. suppliers are competitive, some gains have been made by Japanese and Australian exporters in both areas. West German exporters became relatively stronger in the Malaysian market, but maintained a static relative position in sales to Singapore. The strong relative position of United Kingdom suppliers was unaltered in the Singapore market, but became slightly weaker in the Malaysian market. U.S. suppliers have gained only slightly in both markets since 1961.

Though imports from Indonesia, Thailand, Hong Kong and Mainland China are significant, these are mostly commodities in which there is only limited competition from suppliers in Western nations. Indonesian suppliers, whose sales in these markets were severely curtailed during the confrontation period 1963-66, have traditionally made sales, mostly to Singapore, of raw materials including natural rubber, vegetable oils, spices and logs, which after processing are reexported to world markets. Some Indonesian tin concentrates have been shipped to Penang for smelting and export. Indonesian trade with these areas has been resumed, and now equals pre-confrontation levels.

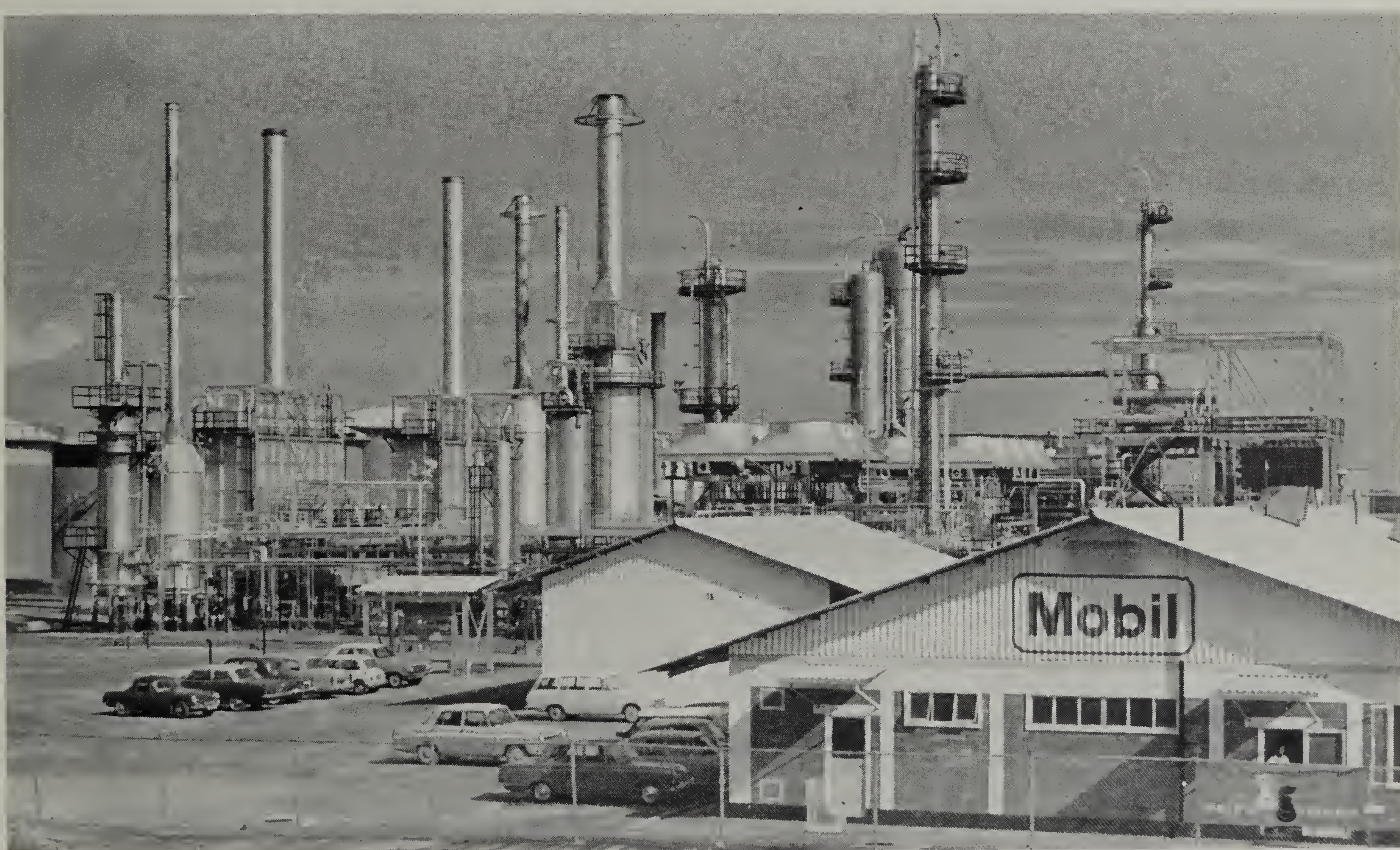
Imports from Thailand are almost exclusively rice, and crude rubber for processing and reexport. Mainland China imports mainly comprise a wide range of consumer goods including foodstuffs and finished textiles.

Hong Kong mainly supplies foodstuffs transshipped from Mainland China, and locally made textile products.

Despite the advantage of an historical presence in these markets, United Kingdom suppliers slipped from a market share in Malaysia of 21.5 percent in 1960 to 15.3 percent in 1967, and from a share in Singapore of 9 percent in 1960 to 8 percent in 1967. Since British exports were abnormally low in 1967, it should be noted that the British market shares in 1966 were 19.3 percent in Malaysia and 10 percent in Singapore.

Nevertheless, British suppliers continue to have considerable strength in these markets which may be attributed to the advantages gained when these countries were British colonies. These include initial and continuing access to representation in both markets by

A recent addition to Singapore industrialization is this new petroleum refinery, the third to go into operation. A fourth will be started soon by the Esso Company.



several large, competent, and well financed trading firms, owned by their compatriots, which deal in a wide range of products, some of which enjoy a tariff advantage. British sales of capital equipment are often aided by procurement orientation toward British suppliers of U.K. engineering and construction firms which are dominant in the area. Imports required by rubber estates, tin mines and other facilities, in which U.K. nationals have invested more than $1 billion, also are frequently bought from British suppliers. It is apparent that long exposure in these markets by British suppliers has oriented customers toward U.K. products. British suppliers are also helped by the application of British standards to the procurement of materials and equipment and by the pro-British supplier influence on procurement decisions by British technicians who are in positions of responsibility in procurement for public works and other infrastructure.

Some of these advantages extend to other Commonwealth suppliers, particularly those in Australia and Canada, who are making significant gains in these markets.

These ties with British and Commonwealth suppliers are still significant although they have weakened somewhat and probably will become even less binding. The British owned trading firms usually are quite open-minded regarding marketing arrangements with foreign suppliers and are interested in representation based mainly on the market potential and a working partnership in the market penetration effort.

Buying decisions by government agencies on important import requirements are increasingly made without regard to traditional sources, and there is a growing tendency to shop on a world-wide basis and make purchases through open competition. The British standards problem is being resolved with increasing success by non-British suppliers who are modifying product design to fit the required standards. Efforts are also being made to provide equivalent products and to supply full information to qualify them in the market. In addition, the Malaysian Government has begun to draft Malaysian standards for equipment, materials and construction which will probably follow the British pattern but with modifications to suit local requirements.

In short, the more customary competitive forces prevailing in Far Eastern market places are becoming applicable in government procurement with the consequence that suppliers in the United States, Japan, European and other countries may increasingly compete for sales on an equal basis with British suppliers.

Japanese suppliers now have 12.5 percent of the market in Singapore and 14.3 percent in Malaysia as compared with slightly over 8 percent in both markets in 1961. The Japanese success in these markets is based on forceful and all-inclusive marketing techniques which they generally apply in export trade, but with the advantages of proximity to these markets and a good understanding of customer psychology.

Japanese suppliers concentrate on the principal problems in the Malaysian marketing scene, which are a lack of know-how in the identification, ordering, installation and operation of industrial equipment, and scarcity of experienced and uncommitted marketing outlets. They have approached these problems by installing sales branches staffed with technician/salesmen, as well as by negotiating representation arrangements in many cases with the smaller local trading companies. They are known to support their agents by placing company representatives in residence or by quick journeys from headquarters in Japan. They also provide agents with financing and training in salesmanship and equipment handling.

This approach has a strong appeal to customers in Malaysia and Singapore who require and seek the most comprehensive selling services. Japanese suppliers also have a distinct advantage in supplying the growing needs in the rural areas of Malaysia because of their nearness to the market, their willingness to engage in pre-sales market development, and their experience in tailoring the design and manufacture of farm equipment to the unique needs of the small Asian farms.

Australian exporters have made modest gains in these markets over the past several years, particularly in Malaysia. They had 7.8 percent of the market in Malaysia and 4.5 percent of the Singapore market in 1967; their combined stake in these markets in 1960 was about 3 percent. Although Australian sales gains in these markets are mostly in foodstuffs, e.g., meat, dairy products and cereal grains and products, in which U.S. suppliers are not competitive, important progress has been made in a wide range of manufactured goods in which American exporters are competitive. Australian success in these markets is the result of vigorous and continuing sales campaigns. They place considerable importance on the organization of frequent trade missions, comprising Malaysian businessmen to visit Australian plants, and large groups of Australian manufacturers to visit Malaysia and Singapore, often accompanied by product exhibits of a wide range of products carefully selected

This Kuala Lumpur supermarket retains its distinctly Malaysian touch in a blending of East and West with modern marketing methods.

for marketability in these markets. The Australian trade missions program is mainly supported by trade and industry associations and concessional rates for transportation and other accommodations are granted by Australian firms.

Australian exporters have diligently searched out the most effective agents, though they are sometimes difficult to locate, and continue to regard their distributors as an integral part of their entire selling activities by giving them full support. In this close and effective liaison with distributors, Australian suppliers are quickly alerted to lagging sales performance and other problems and lose no time in applying corrective measures.

Sales by West German exporters to these markets went up from 2 percent of total imports in 1960 to 4 percent in 1967 when they were valued at $89 million. This success is attributed to the adoption by West German suppliers of an aggressive and comprehensive selling approach which includes assignment to these areas of technician/salesmen and company representatives. This approach enables them to give direct and continuing attention to selling industrial equipment to end users in both private and government sectors, and to the establishment and maintenance of effective agency relationships. Agents selected are often relatively uncommitted small and medium sized, but growth-minded dealers. They receive close supervision and assistance, and their sales staffs are given training to improve their marketing performance to be competitive with the large and long-established distributors.

The position of U.S. suppliers moved up slightly from 4.1 percent in 1960 to 6 percent in 1967 in the Malaysian market, and from 4 percent to 5.6 percent in Singapore during the same period. It is probably more accurate to choose 1961 as a base year since this was the first year when all imports from dollar areas were admitted without restrictions. In 1961, the market share was 5 percent in Malaysia and 4.7 percent in Singapore. U.S. sales were even smaller dur-

Malaysia is taking steps to alleviate severe shortages of technicians and craftsmen needed to implement the Government's plans for industrial development and more diversified agriculture. A World Bank loan of U.S. $8.8 million, being negotiated here, calls for school construction and expansion which will provide 10,900 new student places of which over 8,100 will be in vocational, technical and agricultural schools.

ing the 1950's when the dollar was still unconvertible and Malaya imposed restrictions on purchases from dollar areas along with other countries in the Sterling Area. In this situation, U.S. exporters had limited access to these markets during the period of rising post-World War II demands, which were being filled by countries not affected by restrictions. The bans were removed in consecutive stages during 1959 and 1960, and today, these markets are free from official restraints to all suppliers except for quotas on some products which compete with those of new local manufacturing plants.

On the whole, active U.S. suppliers are performing creditably in these markets; unfortunately, the number of U.S. exporters in this category is altogether too small. It is suspected that many distributors in these areas engaged by U.S. suppliers of manufactured goods are relatively inactive, with the result that U.S. sales are lagging. In some machinery and equipment and other manufactured goods, U.S. supplier performance is excellent. Full support is given to local distributors; equipment and parts inventories are maintained, sometimes with the help of U.S. supplier financing; constant vigilance, often through a regional base, is maintained over the performance of distributors with early modification of lagging sales programs including the appointment of new agents if necessary. A small number of U.S. manufacturers operate sales branches in these markets and maintain a marketing momentum equal to that applied in the domestic market.

ECONOMIC DEVELOPMENT AND PLANS

Malaysia is primarily an agricultural state which has made considerable progress in industrial development. The recent 5-year economic development plan and the present one (1966-70) have stressed balanced approaches to development to build essential infrastructure and harmonize progress in rural and urban Malaysia.

The main support of the Malaysian economy has been the production, mostly for export, of natural rubber, tin, forest products, coconut and palm oil, palm kernels and iron ore. These major exports from West Malaysia only, reached a value of $789 million or about 80 percent of total exports in 1967. The rubber industry makes by far the most important contribution in terms of economic impact and provides the widest diffusion of income. Of 926,000 long tons produced in West Malaysia in 1967, 528,000 tons or 57 percent were produced on the large estates, many of them owned by British and other foreign companies, and the balance of 398,000 tons or 43 percent were produced on small holdings of less than 100 acres each which are owned by Malaysians.

Anticipating the growing competitiveness of synthetic rubber in world markets, the Malaysian Government has wisely supported a replanting program for several years to replace old trees with high yield varieties. Under the Government's financial assistance program, about 80 percent of the rubber estates and 50 percent of the small holder acreage in West Malaysia have now been replanted to high yield trees. This conversion has helped to maintain a high value level of rubber exports despite a substantial decline in natural rubber prices. In addition, rubber exports were increased by planting on new acreage developed and settled under the Government's land development program.

Production of rubber will continue to be important in the Malaysian economy, but in view of declining prices in consumer markets, Malaysian planners have sought diversification by expanding other crops, planting new crops, and creating light industries.

Tin mining has been an important industry for many years, and continues to provide major economic support. Production amounted to 72,121 long tons in 1967, all for export which was valued at about $252 million, or 25 percent of total exports. However, only moderate expansion has taken place in recent years mainly by reworking of deposits which became profitable as a result of improved world tin prices. Programs are under way to explore offshore areas for new deposits which will enable the industry to make an increased contribution to the economy. Iron ore production dropped from a high of $59 million in 1963 to $41 million in 1967, indicating gradual depletion of known reserves which will be exhausted within a few years.

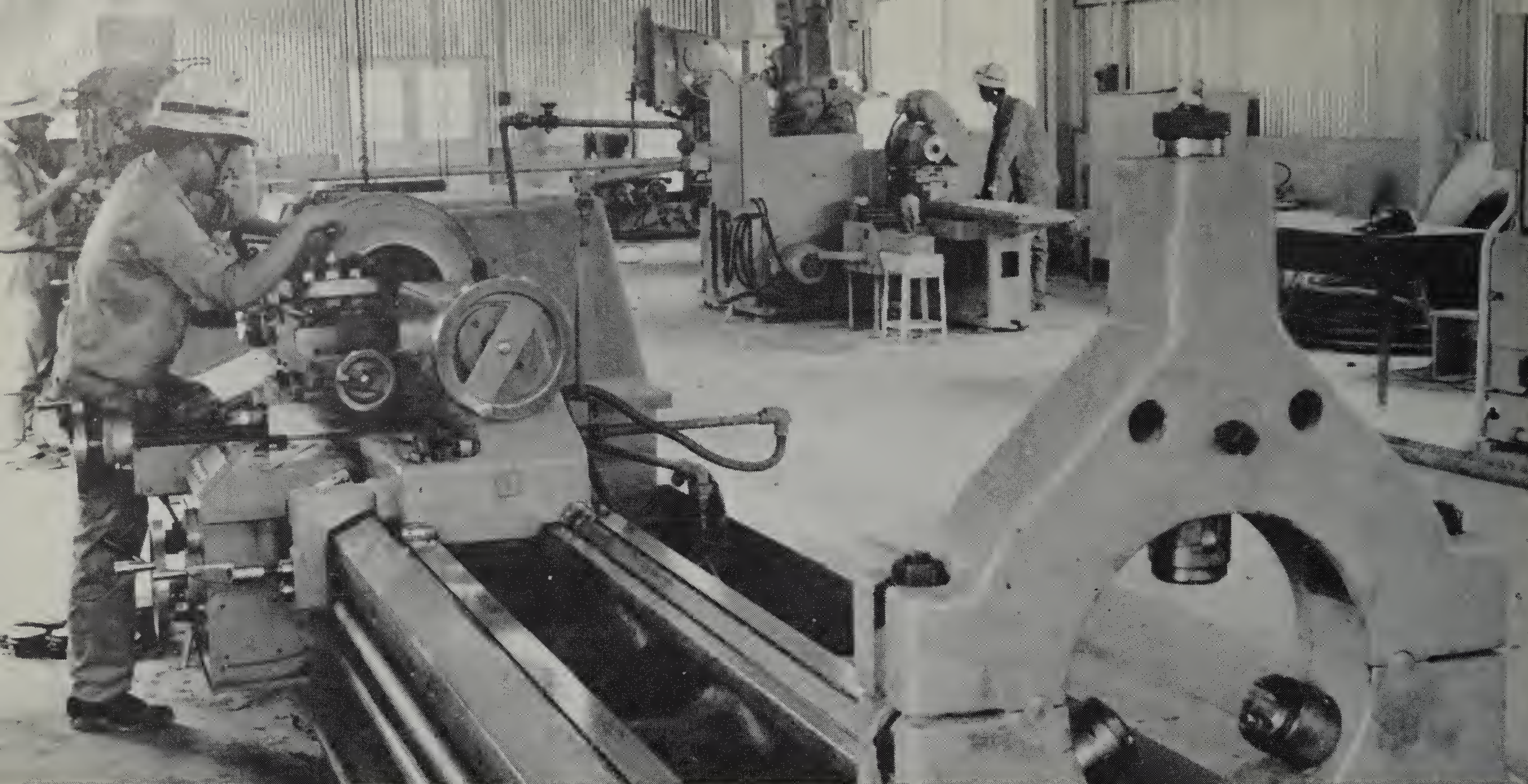
Rice was harvested in the 1965/66 crop year from about 851,000 acres by approximately 300,000 farm operators whose farms average in size between 3 and 4 acres. Most rice farms are under 10 acres in size. No figures are available on the size of the West Malaysian population dependent on the production of rice. But, counting the families of farm operators, the 100 or so rice mill operators and their employees and dependents, and the number of people involved in the marketing of rice, it may be assumed that the production of this cereal grain is the sole and principal means of livelihood of a larger segment of the population than any other economic activitity.

The Government has recently undertaken a water conservation project with the help of a $45 million World Bank loan, which is scheduled to open 131,000 acres for rice double cropping, and provide irrigation for 131,000 acres for double cropping which now grow a single crop. This development to be completed by the early 1970's will raise the income level on small rice farms and result in increased buying, largely from foreign suppliers, of farm machinery, equipment and supplies needed to support a double cropping activity as well as manufactured goods to meet rising consumer demands. An average net farm benefit of $11.7 million is expected in 1970, and an annual income increment of $30 million is seen when the project comes into full fruition.

The exploitation of Malaysian forest resources has progressed rapidly, and promises to make a greatly increased contribution to Malaysia's economic development. The total value of Malaysian log and sawn timber shipments to foreign markets in 1967 was $193.9 million as compared with $155.4 million in the previous year. Total production was about $322 million of which about 60 percent is exported. The total forest area in all of Malaysia is about 91,000 square miles, or about 70 percent of total land area. Productive reserves earmarked for the permanent growing of timber crops is about 12,000 square miles in each of the following, West Malaysia, Sarawak and Sabah.

Although presently of secondary importance, manufacturing is expanding, and in the next few years is bound to make a considerably larger contribution to the nation's rising GNP. The share of the manufacturing sector in the nation's economy rose from 8.7 percent in 1960 to 11 percent in 1966. The 5-year plan target for manufacturing in 1970 is a product value of $360 million, or an annual gain of 10 percent during the plan period. This anticipated growth is exceeded only by forestry and matched by public utilities. Employment in manufacturing in 1970 is targeted at 209,000, or an increase of 20.8 percent over 1965.

The projected annual increase in industrial output is expected in such major groups as food and beverages; wood products; rubber products; chemicals; basic metals and machinery manufacturing. Important manufacturing industries which will come into full production by 1970 include sugar refining; textiles; motor vehicle assembly; flour milling; chemical plants; an iron and steel mill; a jute mill; a pulp and



Manufacturing is expanding in Malaysia with the encouragement and assistance of the Government. Mill hands are at work here in the new Malayawata integrated steel plant at Prai in northwestern Malaysia.

paper plant and a feedstock plant in conjunction with a petroleum refining operation.

Manufacturing in Malaysia is a combination of processing raw materials for export markets, most of which started during the colonial period, and light industry manufacturing which started after Malaysian independence in 1957. The Malaysian Government has encouraged and assisted the private sector (most industrial production is in private hands) to expand manufacturing with the enactment of industry incentives legislation in 1958 and by providing essential infrastructure which included the creation of industrial estates.

An investment incentives law was enacted on January 1, 1968 which continues all of the previous incentives for new industries and adds others. The new act redefines industries entitled to incentives by adding non-manufacturing industries and industries manufacturing for export and contributing to economic development. Tax relief is liberalized by exempting producers who export more than 20 percent of their output; by exempting dividends paid by qualifying companies; by providing an allowance of an investment tax credit; and granting a more favorable capital allowance. Export incentives have been added which include tax deductions for certain export market development expenses, an accelerated depreciation allowance, and deduction of 20 percent of wages and cost of Malaysian materials when related to increased exports.

The First Malaysia Plan, now in its fourth year, gives private enterprise a slightly larger share over the public sector in responsibility for national development. Infrastructure development, of major importance to the private sector, is the largest of the public sector projects, with agriculture and rural development a close second. Defense build-up is next in importance, and education and health improvement is in fourth place.

In a mid-term upward revision of Plan objectives, the target for agriculture and rural development was set at $393 million out of a total development plan cost of $1,613 million. The remainder of this project for completion during 1969-70 is 53 percent. The new target for agriculture includes $114 million to support agricultural education, extension services, and crop subsidies, mainly for upgrading rubber plantations and diversifying to oil palm; $131 million for settlement of reclaimed forest lands; and $117 million for drainage and irrigation mainly of benefit to rice farming.

The revised Plan estimates are given for other sectors as follows with percentage remaining for completion during 1969-70 stated in parenthesis. For industrial development which mainly includes credits for new industries and the expansion of industrial estates, $45 million (32); for road and bridge construction, $144 million (55); telecommunication, $58 million (57); electric power, $183 million (34); water, $82 million (60); education and training, $131 million

(51); and social and community services, $108 million (46).

The foundations of the Singapore economy are commerce and its various related services. The entrepot trade which consists of imports of raw materials, foodstuffs and manufactured products for reexport, with the addition of processing in some cases, reached a value of $151 million, or 13.7 percent of total GNP in 1966. Domestic trade amounted to $167 million, or 15 percent of the national product. All commerce activities employ about 128,000 persons.

The role of manufacturing has risen rapidly in the economy. For example, the contribution of entrepot trade in the national product dropped from 18 percent in 1960 to 13.7 percent in 1966, while manufacturing contributed 7.4 percent in 1960, and 10.8 percent in 1966 when factory employment reached 109,000. Factory employment rose from about 16 percent of the population in 1957 to 20 percent in 1966. Transportation, storage, communication and banking are important Singapore activities which are also expanding. Singapore's agricultural base is very small, and with fisheries, provides a living for about 175,000 or 7 percent of the population.

Singapore leaders are planning for rapid economic development and have decided that industrialization offers the best means to this end. They have adopted a program of promotion and assistance to local and foreign private investment to expand manufacturing in Singapore. The program, administered by a single agency—the Economic Development Board (EDB), consists chiefly of generous tax exemption incentives, market protection in some cases, and the creation of industrial estates complete with factory and residential sites and all of the supporting infrastructure including roads, utilities and social services. A major development in this respect is the Jurong Industrial Estate which encompasses an area of 17,000 acres and is an integrated business, industry and residential community complete with port facilities and road and railway linkage with Singapore City.

While private capital is plentiful in Singapore and a great deal is being funneled into new industries, investors often prefer commerce, construction and real estate. Therefore, the Government established an industrial development lending facility in EDB, capitalized at $33 million, to finance new production facilities. In addition, investment promotion offices were opened in New York City, Chicago and San Francisco to encourage U.S. firms to consider investment in Singapore commercial and industrial ventures.

With advancement by the British of their schedule to withdraw defense facilities, Singapore decided to expedite the flow of local capital into new plants by creating the Development Bank of Singapore capitalized by the Government ($16.3 million), commercial banks ($8.3 million) and public subscription ($8.7 million). In addition to this equity capital, the Government agreed to make $43 million available for lending, and further lines of credit would be sought from West Germany, the Asian Development Bank and the World Bank. This move has terminated new industry financing by EDB, and was designed to provide more funds for new industries and encourage more local involvement in these activities.

Annual output of manufacturing plants employing 10 or more workers more than doubled from $188 million to $503 million from 1960 to 1967. Firms operating under the Government's incentive program are estimated to have produced goods valued at $216 million in 1967. The new industries include a modern shipyard, an iron and steel mill making structural steel products, cement plants, oil refineries, integrated textile mills, chemical plants, a sugar refinery, fertilizer production, plywood and veneer factories, a tire plant, steel fabrication and electric cable plants and a wide range of light industry enterprises.

The First Singapore Economic Development Plan, which ended in 1965, targeted total development outlays at $371 million; about 85 percent of targets were realized. Investment expenditures rose substantially from about $57 million in 1961 to about $160 million in 1966. During the plan, public sector investment was roughly equal to private investment, and the rapid increase in both private and public investment was one of the chief reasons for the favorable growth of the economy in a period when entrepot trade was retarded by the break in economic relations with Indonesia.

Singapore is in the fourth year of the second Singapore plan (1966-70) which calls for a total public sector investment of $577 million, an 82 percent increase over the previous plan. Investment in the private sector is set at $533 million, and anticipated annual growth rates are 7 percent in GNP; 4.5 percent in per capita income and 4.3 percent in employment. Major government input is in economic development ($385 million or 66.7 percent of which 23.6 percent is in public utilities; 17.6 percent in industry and 16.9 percent in transport and communications. A total of $168 million is planned for social services of which housing will get 14.2 percent.

When the British announced their plan early in 1968 to accelerate their withdrawal of military facilities from Singapore and Malaysia for completion in 1971, the Singapore Government reassessed its economic development plan in terms of offsetting the considerable economic gap resulting from the pullout. Discussing a "counter-recession strategy" recently, the Finance Minister estimated that the withdrawal would result in a $300 million reduction of British outlays in Singapore over the period 1968-1971 and stated that an equivalent amount would have to be expended by the Singapore Government to prevent a recession.

The Minister of Finance proposed three categories of financing within this sum. An item of $133.3 million would be spent for accelerated development in the public sector which would include urban renewal, the opening up of new industrial sites, improvement of the roadways, land reclamation and the expansion of water storage facilities. A second item is induced private investment of an additional $66.6 million which would go mainly into buildings and construction of projects with Government participation. Another item is a sum of $100 million for additional defense outlays which are local costs.

CHAPTER **III**

Import Regulations and Tariffs

IMPORT AND EXCHANGE LICENSING

Mayalsia and Singapore, both of which have been free of balance of payments problems for many years, do not restrict the use of foreign exchange for imports for the purpose of conserving foreign exchange. Although both areas had favorable balance of payments situations during the 1950's, they applied restrictions on imports from dollar areas as a part of the foreign exchange policy of the United Kingdom. Malaysia's foreign exchange reserves amounted to $642 million at the end of 1967, and those of Singapore were $595 million. Given the present stability of the economy, good exporting performance, a continuing pattern of efficient fiscal management, and despite some depletion of Malaysian reserves, there is no forseeable prospect for import controls.

Both countries control by licensing the entry of dangerous or obnoxious goods, and ban the entry of goods for security or health reasons. In addition, both areas resort to an import licensing procedure to limit by quotas, or prohibit outright, certain products in the interest of protecting and encouraging infant industries. The vast majority of imports are admitted under open general license; this means that goods may enter without the issuance of a formal license. A validated license must be obtained by importers in Malaysia and Singapore for certain goods designated in West Malaysian customs ordinances and Singapore import orders. The officials of the Trade Division of the Ministry of Commerce and Industry administer import licensing in Malaysia, and the Trade Division of the Ministry of Finance exercises this function in Singapore. In East Malaysia (Sabah and Sarawak) the licensing system and objectives are basically similar to those of West Malaysia. The three Malaysian areas administer their separate controls systems, but the central government in Kuala Lumpur may legislate to control imports throughout Malaysia. Ultimately, trade control systems in all of Malaysia will be unified.

The products subject to import licensing by documentation are designated in the following publications of the U.S. Department of Commerce: OBR 67-35-Foreign Trade Regulations of Malaysia; and OBR 67-73-Foreign Trade Regulations of Singapore. More detailed and current information on the subject may be obtained from the Far Eastern Division, Office of International Regional Economics, Bureau of International Commerce, U.S. Department of Commerce, Washington, D. C. 20230.

TARIFFS AND OTHER LEVIES

The three Malaysian areas, West Malaysia, Sabah and Sarawak, administer their tariff systems separately; however, many of the rates have been harmonized, and will be further coordinated until a single rate structure is applied throughout Malaysia.

The BTN (Brussels Tariff Nomenclature) and dual column system of rates on a full and preferential basis are used in the Malaysian system. Preferential tariff rates are applied on many imports from the United

Kingdom and most of the Commonwealth countries; however, the list of goods subject to preferential tariffs has recently been reduced by the Malaysian Government. Ad valorem rates range from nil to 100 percent, but only a few items are dutiable at more than a 25 percent rate. The average tariff rate is about 15 percent, which is lower than the rates in many Far Eastern countries. Duty rates on many manufactured items range from 15 to 25 percent, and most machinery, except electrical and telecommunications equipment, enter duty free.

The function of the Malaysian tariff system for many years was to raise revenues. Since the advent of industrialization in the late 1950's, Malaysia has adopted a protective policy, and tariffs have been levied on many products to protect and encourage the growth of new industries. Though the new levies have been carefully reviewed to prevent over-protection, there are a number of commodities which appear to be largely excluded from the market as a consequence of tariff levies. For example, imports of tires of certain sizes made locally have become prohibitive.

Most goods may continue to be shipped to the free port of Penang free of duty levies. However, because Penang wants to develop industries to produce goods marketable duty free in the Malaysian Common Customs Area, it has recently placed 25 items on the dutiable list, and will gradually add other items and ultimately apply all of the levies in effect in Malaysia. Penang will continue to carry on its important entrepot and reexport trade by the creation of free trade zones.

The tariff systems of Sabah and Sarawak are essentially similar to the system in West Malaysia, but several rates are different. Duties on an ad valorem basis range from nil to 30 percent, and most are between 10 and 20 percent. Both of the East Malaysia areas participate in the preferential rate system giving rate concessions to imports from the United Kingdom and Commonwealth countries. The tariff rates of these countries will be harmonized with those in West Malaysia when a common customs structure is established for all of Malaysia.

Malaysia has recently enacted a 2 percent surtax on imports into all areas except Penang and Labuan in East Malaysia. Excise taxes of long-standing are levied on certain products including manufactured petroleum products, liquor and tobacco. The traditional registration tax on motor vehicles which have always been imported duty free, is now being supplemented by an import duty for the protection of the recently established motor vehicle assembly plants.

Singapore has traditionally been a free port area mainly dependent on entrepot trade and reexports, and has levied tariffs on only a few items to produce revenue. In its move toward industrialization, Singapore has adopted a protectionist policy to encourage new industries manufacturing for the local market. Singapore continues to operate as a free port but collects duties on a growing list of products. Singapore will eventually establish free trade zones to accommodate entrepot trade and reexports when the tariff structure has broadened enough to justify this action.

The present Singapore customs tariff was introduced in 1965, and incorporates the Standard International Trade Classification system for commodity identification. There is a dual column of levies to continue participation in the Commonwealth tariff preferential system. About two-fifths of the present rates are on a specific rate basis; two-fifths are on an ad valorem basis, and one-fifth are subject to either type of rate, whichever is higher. Ad valorem rates range from 10 to 40 percent, but are concentrated around 20 and 25 percent.

Duty rates levied in Malaysia and Singapore on specific commodities are available from the Far Eastern Division, Office of International Regional Economics, Bureau of International Commerce, U.S. Department of Commerce, Washington, D. C. 20230.

DOCUMENTATION

The usual documentation for clearing air and surface shipments in international trade is required in Malaysia and Singapore. This includes the commercial invoice and bill of lading which are provided by the exporter. A certificate of origin is required for banking purposes when dollar exchange is supplied by the local exchange authorities. Other instances when a certificate of origin is needed to clear imports do not concern the entry of goods from the United States, as they relate to claiming tariff preferences by importers of United Kingdom and commonwealth goods, and moving goods in the Malaysian Common Customs Area.

Certain labeling and marking procedures are designated for incoming shipments by both countries. These relate mainly to foods and drugs, and are often no more than those required by U.S. laws and regulations which apply in U.S. domestic trade. On packaged foods, the name and address of the producer or seller and the country of origin are needed. When packaged food is enriched, fortified, or vitamized, the quantity of added material per pound or ounce must be stated. Marks of origin are also required for drugs and liquors. Though not a requirement, it is advisable in West Malaysia to inscribe marks on the exterior of packing cases to correspond with marks shown on the bill of lading and to show the port of discharge.

Full information on documentation requirements, including the number of copies needed, may be obtained from the office of the nearest freight forwarder. Detailed information on marking and labeling may be obtained from the U.S. Department of Commerce.

Further information on the subject matter in this chapter may be obtained from the following U.S. Department of Commerce publications available at a nominal cost from any field office of the Department or from the U.S. Government Printing Office, Washington, D. C. 20402: Foreign Trade Regulations of Malaysia, OBR 67-35, July 1967 and Foreign Trade Regulations of Singapore, OBR 67-73, November 1967.

CHAPTER ***IV***

The Distribution System

MARKETING STRUCTURE AND CHARACTERISTICS

The marketing of imported goods in Malaysia and Singapore is in most part conducted by trading companies which operate sales outlets in Singapore and in the principal cities in West and East Malaysia. They regard both areas as a composite market to be cultivated by branches and traveling salesmen. These firms are often headquartered in Singapore with branches in Malaysia, but many have head offices in Kuala Lumpur which is Malaysia's principal city, and maintain branches throughout Malaysia and in Singapore.

A significant volume of imports is handled by a large number of small and medium sized firms, most of which are owned by local nationals. These are located mainly in the smaller West Malaysian cities, Ipoh, Penang and Malacca, and in the East Malaysian cities of Kuching and Kota Kinabalu. Their import activities relate largely to local customers or end users in these cities and the adjacent market territories. For example, Ipoh in the heart of the tin mining region, and close to the rice bowl sections of West Malaysia, is served by trading firms which specialize in tin mining and rice farming equipment and supplies, and in addition, by the branches of the large trading complexes which have country-wide marketing facilities.

Downtown Singapore hums with business activity. Singapore is the world's fourth largest port in terms of tonnage of shipping entering and clearing port and is a major distribution center for the Far East.

Probably more than 90 percent of the foreign goods moving into and out of East Malaysia (Sabah and Sarawak) are handled by trading firms headquartered in Singapore and West Malaysia, either through branch sales outlets located in these areas or by salesmen who make frequent visits there to take orders from small local dealers and distributors, or end users. Only a small amount of international trade is conducted directly between foreign suppliers and strictly local East Malaysian importers and distributors; however, the branch sales offices of Malaysian and Singapore trading firms are often given autonomy in arranging import transactions with foreign suppliers who have agency contracts with the parent firms or on a single transaction basis.

A relatively small number of large foreign owned and managed trading companies are responsible for moving as much as one half of the import trade of Malaysia and Singapore. Included among the major trading companies are over a dozen large and successful British trading houses, most of which started their trading activities supplying the requirements of the rubber plantations and tin mines started by British investors in the early days of the former colonial relationship. Many of these firms perform as managers or custodians of British firms which have large investments in Malaysian rubber, tin producing and palm oil operations.

Also included in the major trading company category are several firms owned and managed by other foreign nationals which operate mostly as branches.

This includes several branches of U.S. owned firms, but although their parent firms in some cases have considerable assets and a large international sales volume, their marketing role in Malaysia and Singapore is secondary to that of the large British companies.

A large number of small and medium sized locally owned and managed trading firms and a smaller number of locally owned major firms now account for about 50 percent of Malaysian and Singapore foreign trade. These firms are usually owned by Chinese Malaysians and to a lesser extent, by Indian Malaysians. Participation in foreign trade by Malays is small, but they are being encouraged by government authorities and progress is being made.

A typical major trading company may claim representation of several hundred foreign suppliers and be involved in the marketing of several thousand individual product items. It may sell to factories and other producing enterprises, to government agencies owning and operating public facilities, to construction and building companies, and to wholesale and retail outlets. The medium and smaller sized firms are usually also well diversified in the range of products they handle; however, these are sometimes found to prefer a specialization such as electrical equipment; medical and scientific instruments and equipment; and auto vehicles, parts and supplies. These firms also take orders from customers, sell to end users and engage in wholesale and retail trade as well.

There are other variations in the distribution pattern. A large department store operates as an importer/retailer, and also imports through indent orders placed with trading companies representing foreign suppliers whose merchandise the store requires. Retail dealers specializing in food provisions and other shelf goods may follow the same pattern. There are instances of local sales branches maintained by foreign manufacturers who staff them with local management and technical personnel, though maintaining home office management and supervision in residence or by frequent visits as the case requires, and who provide full sales and service facilities. U.S. firms are included in this category.

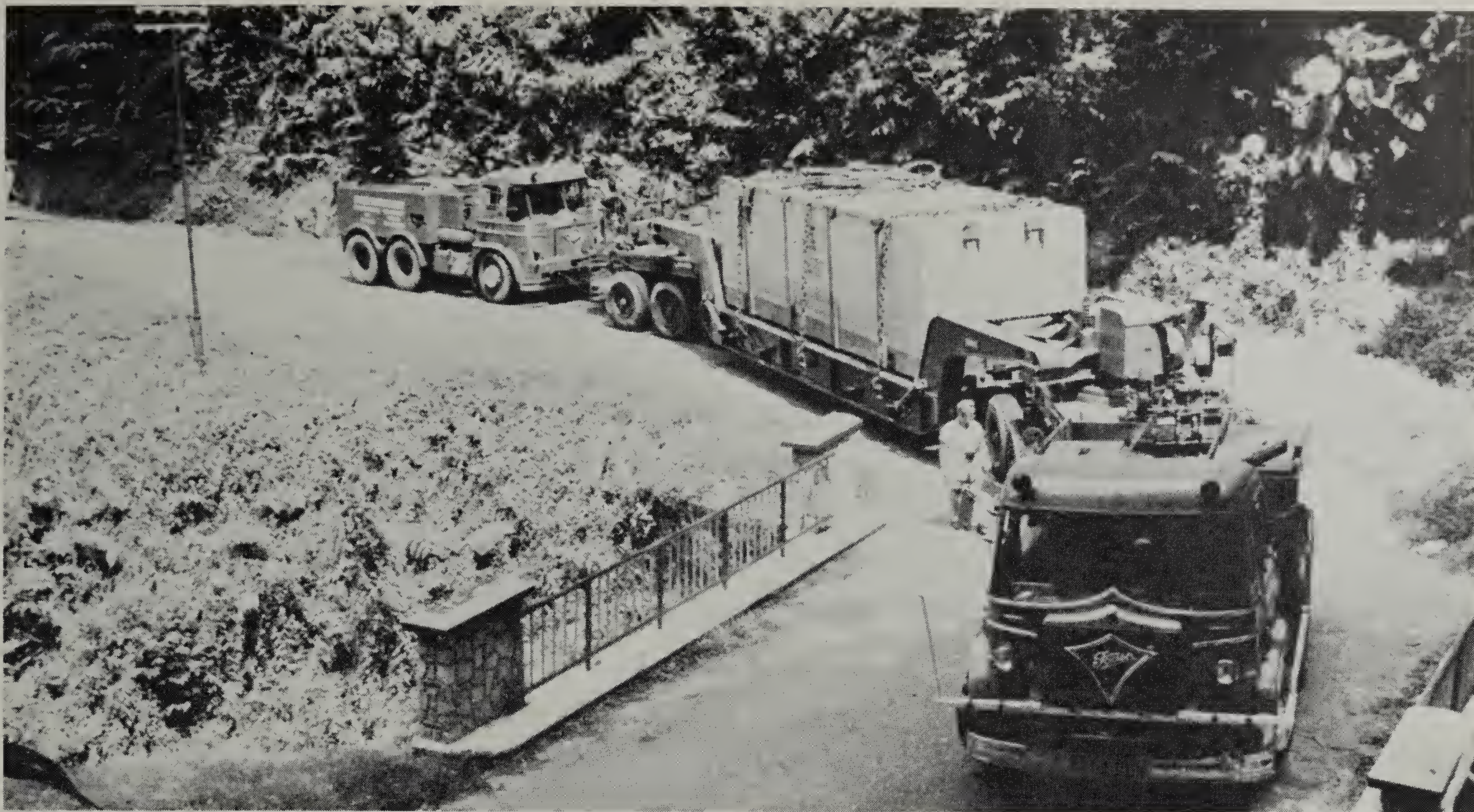
There are instances of direct infrastructure equipment procurement by government agencies for power, water, irrigation and transport development. These purchases are arranged with foreign suppliers in response to international tendering. However, this kind of transaction is waning as it becomes clearer to foreign suppliers that dealing through a local agent or distributor greatly enhances their chances of making sales to government agencies.

The entire range of importing services is available in Malaysia and Singapore. The larger houses provide the full gamut of marketing services; they import for their own account; maintain inventories of goods and spare parts in the case of equipment; provide maintenance services; sell or process indent orders for delivery to the customers including end users; and sell to wholesalers and retailers. Many of the small and medium sized companies function in the same way, while a larger number owe their success largely to operating as indent merchants.

Although there is increasing competence among importers in modern selling methods, they often pursue the easy order taking approach to marketing. Import firms which have advanced to the role of selling the market have often had the benefit of advice and help from foreign suppliers who understand and apply the concept. The conversion from a habit of order filling to a role of finding buyers has been and continues to be a gradual process, and success is found in proportion to the competitve spirit and market development interest shown by the supplier. Thus, a foreign supplier who has found a likely distributor or agent in these markets has reached only the first plateau of market entry, and may then anticipate working with the agent to advance his selling techniques and pursue an effective market development program. (See comments on selling in Chapter VI.)

Trade directories show a large number of trading companies in Malaysia and Singapore with trading capabilities in a wide range of products. However, foreign suppliers are hard-pressed to find distributors to represent them. The larger and more successful firms are generally overcommitted in representation of foreign firms, and are reluctant to represent a supplier of a product already established in the market by another distributor. Competent smaller firms which are more frequently available for agency arrangements often turn down an offer because the supplier refuses to provide appropriate marketing support.

Despite the problem of finding a suitable outlet, foreign suppliers are succeeding in making representation arrangements and selling their products in these markets. Their success is based largely on a genuine interest in exporting, an awareness of the market situation, active support in a sales campaign, and appropriate surveillance over distributor performance. The implementation by a supplier of a marketing program should be a continuing process in which there is room for restructuring of an agency arrangement and sales campaign.



Negotiating a difficult bend in the road, heavy equipment is transported to the site of Malaya's Cameron Highlands hydroelectric project.

The following guidelines for the development of a supplier-agent relationship, which are common knowledge among successful exporters, may help to initiate a successful penetration of these markets by an American supplier:

Because exporter credit is a common feature in import transactions, even well-financed importers seek reasonable credit and payment terms from foreign suppliers.

Because the American supplier is remote from these markets, he may improve his chances to compete if he insists on an adequate inventory plan for goods which should be stocked in the market area.

Because repeat sales in products requiring spare parts and service cannot be assured unless after-sales service is provided, the U.S. supplier should insist on such a service, and if necessary, assist the distributor in the arrangement.

Because the market creation feature of selling consumer goods is not generally applied, a U.S. supplier particularly skilled in this concept may have an advantage in developing a successful agency relationship.

The selection of a suitable distributor is only the first stage in market development in Malaysia and Singapore. After that, follow-up attention to the distributor and his performance by the U.S. supplier is a key factor in the success of the agency arrangement. An important, and probably more difficult requirement because these are distant markets, is to make the distributor feel that he is a member of the supplier firm. All of the support elements are needed in such a relationship, but probably the most vital is technical and training support. Effective marketing of hard goods in these countries through a local distributor demands full assistance from the U.S. supplier in all phases of selling but particularly in identification of requirements, installation, operation and maintenance of facilities and equipment, and training in salesmanship and use of equipment.

To give this supplier role proper meaning, frequent contracts between the U.S. supplier and his local distributor are necessary. Because these markets are far away, it may be desirable for the American supplier to maintain a regional office in the Far East from which such contacts may be made as needed. Singapore is strategically located to serve as a regional marketing headquarters for Asian markets; Hong Kong is also very appropriate for this purpose. Many U.S. and foreign suppliers who can claim good success in exporting to the Far East now maintain regional marketing offices, and in some cases distribution facilities, in one or the other of these locations.

Many U.S. suppliers conducting their regional distributor relations activities in Singapore locate company representatives in the premises of their Singapore distributors. These officials may be of U.S., foreign or local nationality, and function as sales managers in relation to the entire network of distributorship arrangements in the countries of the region. They are subject to direct supervision from their home offices, and are responsible for handling marketing programs and problems in Singapore and elsewhere in the region. A paramount role, however, is to provide the management bridge between their companies and appointed marketing outlets in the region, which are quite widely separated, to implement company policy and marketing strategy.

TRANSPORT

West Malaysia and Singapore are very well connected by surface transportation. However, internal transportation in East Malaysia is relatively undeveloped. All of the principal cities of West Malaysia (Penang, Ipoh, Kuala Lumpur and Malacca) and Singapore are linked by an excellent system of hard-surfaced roads, and by adequate rail lines and efficiently operated rail services. There were 4,392 buses and 46,930 trucks registered in West Malaysia in April 1968.

There is a short rail line on the coast of Sabah, but none in Sarawak. Both areas have a roadway system connecting the principal towns. There are also frequent scheduled air flights between the commercial centers of West Malaysia and Singapore, and in addition, chartered flights can be arranged to reach cities connected by scheduled flights, and smaller towns which have airports for light aircraft. Regular and chartered flights are available to connect Singapore with Kuching in Sarawak and Kota Kinabalu in Sabah.

Singapore reported 554 miles of roads in 1966, most of which were hard surfaced and in excellent condition. The recently developed Jurong industrial and residential estate is connected by a 12-mile branch rail line with the main terminal in Singapore. Of 590,267 vehicles registered in Singapore in May 1968, 1,828 were motor buses and 25,945 were trucks.

West Malaysia and Singapore are both included in the Far Eastern routes of the major international airlines, and air transport linkage with the world is readily available. International airports accommodating the largest jets are located in Kuala Lumpur and Singapore; the Penang airport can accommodate smaller jets. The Governments of Malaysia and Singapore jointly own and operate an airline which is currently being expanded by the purchase of several Boeing 707's and 727's to operate in international flights between Malaysia and Singapore and the major cities in the Far East. Air cargo service in these areas is growing in importance; air freight discharged and loaded in Singapore in 1967 amounted to 19.6 million pounds, and in Kuala Lumpur it amounted to 6.4 million pounds.

Ocean shipping facilities are vital to Malaysia and Singapore in view of their heavy dependence on foreign trade and the separation by water of West from East Malaysia. Port facilities are modern and well administered, though some congestion is noted in Port Swettenham where cargo handling demands continue to exceed available facilities. Port Swettenham has only recently been expanded to handle more of the international cargo destined for and originating in central Malaysia and the principal commercial center, Kuala Lumpur. In addition, the 27-mile highway connecting the port with Kuala Lumpur has been converted into a dual highway, and freight hauling facilities have been expanded on the rail line linking these two points.

Port facilities being constructed on the mainland opposite the port of Penang, consisting of six deep water wharves, are scheduled for completion in 1971. Present Penang port facilities are located on the Island of Penang and consist of docking area and lighterage with ships at anchor which accommodated slightly over 3 million tons of cargo in 1967. Goods landed on the Island and destined for the mainland are moved mainly by trucks which ferry across the 3 miles of waterway between the Island and the mainland. There is also some lighterage of cargo direct to limited docking facilities on the mainland. The Penang port presently serves international shipping requirements of the Penang area and a 100-mile radius from Penang which extends southward to the city of Ipoh and northward to the Thai border.

West Malaysia's so-called smaller ports currently handle an aggregate of almost 10 million tons of this area's international cargo, or about 60 percent; however, iron ore shipments from two of these account for more than one half of this amount. Except for Port Dickson and the Ports of Dungan and Kuala Rompin, docking is limited largely to smaller vessels many of which serve in regional coastal shipping; also, a large percentage of the cargoes in these ports are handled by lighter and barge. The Port Dickson cargo traffic con-

An efficient road network used by 1.1 million motor vehicles provides Malaysia and Singapore with above average mobility of goods and people.

sists mainly of incoming crude oil tankers which serve the two large oil refineries located there, while the Ports of Dungan and Kuala Rompin are loading areas for iron ore shipments to Japan.

Singapore is the world's fourth largest port in terms of tonnage of shipping entering and clearing the port. Cargo handled in 1967 amounted to 30.3 million tons as compared with a total of 3 million tons handled in Port Swettenham and 15.9 million tons in all West Malaysian ports. Singapore's cargo handling is about 83 percent by lighterage with vessels anchored in the "roads", and 17 percent at the wharves.

Increased demand for cargo handling has occurred in both ports, but Port Swettenham's facilities have not been adequate to meet the demand with the result that some cargo is diverted to Singapore. This diversion and the earlier established pattern of inward and outward Malaysian cargo flow via Singapore continue to give Singapore an important role in servicing Malaysia's foreign trade.

Construction of two deep water berths in the old port area of Port Swettenham is nearing completion, and a West German firm has just been awarded a contract for the expansion of the North Port area of Port Swettenham in three stages. The first will consist of 900 feet of ocean berth for completion in 1970, a further 900 feet for operation in 1971, and a final 1000 feet scheduled for 1972. This project, to cost about $19.3 million, will more than double the capacity of the North Port which will be capable of accommodating containerized cargoes.

Sabah's ocean freight handling facilities in East Malaysia are less advanced, but were capable of moving 3 million tons of cargo in a recent year; logs and timber are major cargo items. Principal ports which have wharfage facilities are Sandakan; Tawau which borders on Indonesia; and Kota Kinabalu (formerly Jesselton), the capital of Sabah. Labuan in Sabah is a free port whose present shipping activities relate mainly to Brunei's needs. Since Brunei is now constructing port facilities at Muara which are scheduled for completion in early 1970, shipping will be drawn away from Labuan. There are also several timber and log loading points and minor ports in Sabah. Sarawak ports handled a total of 8.8 million tons of cargo in a recent year. Principal ports are Miri, which has open sea anchorage, and Kuching. Other lesser ports are Sibu, which large vessels are now able to reach via channel, and Tanjong Mani which mainly handles logs and timber.

The First Malaysia Plan (1966-70) provides $8 million for Sarawak port development, mostly for Kuching and Sibu. A sum of $2.4 million is provided for port projects in Sabah which include development of the port of Lahad Datu.

COMMUNICATIONS

Malaysia and Singapore have modern systems of communication which are efficiently operated by government agencies.

All of the principal cities and towns in Malaysia are linked by telephone, and calls may be placed immediately to most points by direct dialing. Overseas radio-telephone service between West Malaysia and most foreign countries is available via Singapore, and telephone and telegraphic connections can be made through the Southeast Asia Commonwealth Communications System (SEACOM) to the Commonwealth global system. Thus, calls can be placed by direct dialing between Kuala Lumpur and Singapore, and the United Kingdom, the United States, Canada, Australia and Japan. The SEACOM system also reaches to Kota Kinabalu in East Malaysia, and Brunei. Telex service, a quick means of international communication for commercial establishments, is available to subscribers in West Malaysia and Singapore.

An efficiently operated telegraph system serves the principal cities and towns in West and East Malaysia, and Singapore, and local and overseas telegrams may be processed at telegraph offices, post offices and railway offices. Overseas telegrams from Malaysia are sent by the Malaysian Telecommunications Department to Bangkok, East Malaysia and other Asian points via the Singapore Telecommunications Department using radio-teletype facilities. Telegrams to Hong Kong and Kota Kinabalu are transmitted directly from Kuala Lumpur and Singapore via the SEACOM cable, and to all other countries, they are transmitted by the Singapore Telecommunications Department via submarine telegraphic cable or short-wave radio.

Radio communication reaches a wide audience in Singapore and West Malaysia. Virtually the entire Singapore population is served by radio, while in Malaysia, most of the urban dwellers have access to radio broadcasting. Radio coverage in East Malaysia is still limtied. Radio transmission takes place in all of the languages common in the areas—Malay, Chinese, Tamil and English. In Malaysia, commercial broadcasting has been integrated with national service in a 60/40 ratio. In Singapore, almost one half of the radio time is commercially sponsored. Radio set ownership continues to expand; Malaysia imported receiving sets valued at $5.2 million in 1967 while Singapore imported a value of $12.6 million. A large number of sets imported into Singapore are reexported to countries in the region.

Singapore and West Malaysia are served by television transmission, and each area transmits on two channels in the four common languages. Set ownership in Singapore is at the rate of one set per every six households; ownership frequency is smaller in Malaysia.

Both areas operate an effective postal service, and mail deliveries are maintained twice daily in the larger commercial centers in Malaysia, and three times daily in the central city area of Singapore. Airmail service between Malaysia and Singapore, and the United States is considered excellent; mail deliveries are made to and from Singapore in 3 to 5 days, and to and from Malaysia in 4 to 7 days. Ocean surface mail takes several weeks.

CHAPTER V

Commercial Facilities and Marketing Aids

BANKING

A common currency system for Malaysia, Singapore and Brunei, which was consistently stable over the years, was terminated in June 1967. Each country then adopted an independent currency with the same par value. The International Monetary Fund par value rate for the Malaysian dollar (M$) and the Singapore dollar (S$) is 3.06122 per U.S. $1.00. This was also the par value rate for the previous common currency, and the market rate is maintained within a small margin of this value. Though they have separate currencies, Malaysia and Singapore have implemented a simple procedure to freely interchange their respective currencies.

There were 37 banks at the end of 1967 operating a total of 314 banking offices in Malaysia. Of this number, 16 are incorporated in Malaysia. Of the remaining banks, five are incorporated in Singapore with 56 offices, with a total of 163 banking offices and 16 are incorporated in foreign countries. There is a considerable dispersal of banking offices throughout the Malaysian states. There are 81 banks in Selangor, with the largest population where Kuala Lumpur is located, 21 bank branches in Sabah and 24 in Sarawak. Foreign incorporated banks with branches in West Malaysia and Singapore include the First National City Bank of New York and the Bank of America. The Chase Manhattan Bank has a branch in Singapore.

Interest rates applicable in West Malaysia and Singapore are generally related to rates charged in the United Kingdom; rates in East Malaysia are somewhat higher. The general minimum interest rate on bank loans is 8 percent; the average rate is about 9.2 percent per annum. Maximum rates on fixed deposits for 9 and 12 months are 6 percent, and on savings deposits, 3 percent.

Loans and advances by commercial banks in Singapore as of December 1967 were $156 million to the foreign and wholesale trade sector, or 42½ percent of all credits extended to the private sector. Commercial bank loans and advances in Malaysia as of December 1967 were $477.6 million of which $100.6 million was in import, export and wholesale transactions and $39.6 million in retail trade.

Commercial banking facilities are considered sophisticated by world standards, and are well managed and dependable. Although they provide all-inclusive financing required by the trading community, the extension of credits to foreign and domestic traders is mostly on a short term basis. However, considerable medium-term financing of trade transactions does take place, and the proportion of this kind of trade support financing is growing. (For further comments on the use of medium-term credits in foreign trade, see Chapter VI.)

Commercial banking operations which relate to foreign trade include the issuance of letters of credit in the usual variations of payment upon the acceptance of documents with a specified payment period, or upon payment by the importer on presentation of documents but in advance of deliveries; the acceptance of letters of credit and honoring them upon acceptance of docu-

Commercial banking facilities in both Malaysia and Singapore are well managed and dependable. A total of 37 banks operate 314 banking offices throughout Malaysia. There are 163 banking offices in Singapore.

ments by the foreign importer on an immediate or deferred basis; outward and inward remittances when accounts are settled either on an immediate or open account basis; discounting export bills; accepting foreign currency deposits; and providing credit information directly to foreign suppliers, via foreign banking representatives, or to central reporting bodies including the commercial offices of foreign Embassies.

The overdraft device of extending financing to clients in international and domestic trade is frequently used by commercial banks in which the indebtedness is simply carried on the bank's current accounts ledger, with the levy of the going interest rate. These arrangements may be made orally, but are generally based on written commitments.

WAREHOUSING

Warehousing is discussed mainly in the context of facilitating international commerce in Malaysia and Singapore. Emphasis is on this activity in Singapore where it has a unique international marketing significance because of Singapore's important role in entrepot trade. Warehousing facilities to accommodate international trade are also important in Penang.

The existence of extensive warehousing space and transit sheds in the Port of Singapore and the free entry and exit status of Singapore currently make possible the efficient handling of products entering the port for local distribution. Goods are entered for immediate on-loading for transshipment to ports in Malaysia and adjacent countries, for removal to processing facilities in the case of raw materials and ultimate reexport, or simply for storage and ultimate internal distribution or reexport in their original form.

Foreign suppliers have for many years utilized the services of Singapore traders who own their own warehouses and have access to public warehousing and other entrepot facilities, which gave these suppliers a significant competitive advantage in Malaysia, Singapore and other Asian countries. This advantage consists mainly of reducing the delivery period involved in shipping goods from distant ports by making early deliveries from stocks held in Singapore. This marketing service is becoming more widely known to foreign suppliers selling in Asian markets, and more of them are expanding their distribution activities in Singapore, or exploring the potential for such operations.

Public warehousing facilities in Singapore which are of major importance in servicing international commerce are those under supervision of the Port of Singapore Authority. The Port area consists of 48 transit sheds located alongside the wharves which encompass a floor area of 1.3 million square feet. These are supplemented by 20 additional units which provide 500,000 square feet of covered storage space. Nine of these units are leased to private firms. In addition, the Authority makes available some 855,000 square feet of concrete aproned open storage area, and special sheds are provided for dangerous goods and other special cargo.

Public storage space is also maintained in the wharves area of the new Jurong Industrial Estate. All facilities are managed by personnel of the Singapore Port Authority, and present storage space consists of about 20 acres which includes a covered warehouse measuring 120 by 270 feet. Additional open storage space and covered warehouses are being planned.

Singapore trading companies also own and operate a large complex of warehouses in connection with their trading activities in the Singapore market and reexports to Malaysia and other Asian countries. Many of these warehouses are located on the banks of the

Singapore River, and receive cargoes by lighters from vessels anchored in the "Roads".

With warehousing demands in the principal port area outstripping availability, present expansion plans include the replacement of transit sheds and construction of additional storage space including a single warehouse measuring 780 by 120 feet in size.

The present Penang warehousing facilities are located on the Island of Penang which continues for the present to have a free port status, and accommodates a significant volume of international commerce on a transshipment and entrepot basis. There are four transit sheds on the wharf with 87,800 square feet of space and 12 storage godowns with 133,600 square feet. Open or uncovered space amounts to 760,000 square feet.

With the adoption by Malaysia of a national market concept, procedures have been started to provide a tariff-free market in all parts of Malaysia for goods manufactured in Malaysia. The inclusion of Penang in this procedure will require a free trade zone arrangement to enable the expansion of manufacturing for the Malaysian market and the continuance of entrepot trading activities. Such an arrangement is now proposed for location in Butterworth on the mainland, and will include as a first step the completion of bonded warehouses which will be used to accommodate imports to be reexported.

TRADE PROMOTION

Market research as it is known in developed countries is being increasingly recognized in these countries as an essential marketing tool, and is more frequently applied in Singapore than in Malaysia. As a consequence, several market research firms have been established in these countries which have developed an acceptable competence in professional market research services, and are ready to expand their activities to meet new demands. (See Appendix F — Market Research Firms).

Although professional market investigation services are available, many local trading firms conduct market inquiries on a rule of thumb basis to guide them in market development planning. The results are often good, but vary according to the business competence of the firms and their staffs responsible for market planning and development. Foreign suppliers having agency contracts with local firms are able in many cases to obtain most useful market assessments and market development guidance from their agents.

American suppliers seeking in-depth information and assessments of the sales potential for their products in the Malaysia/Singapore markets have several alternatives. They may engage a U.S. or third country market research facility which has capabilities in these markets; they may send their own market specialists to these areas to conduct the necessary market research; or they may engage market research facilities located in Malaysia and Singapore. Since the first two alternatives are likely to be considerably more costly than the third, it may be advisable to use local market research services.

The promotion of sales of goods by advertising is a well developed and frequently used service. There are several effective and prosperous advertising and public relations firms which help foreign suppliers and local distributors merchandise products in these markets; some of these are branches of foreign owned companies; a U.S. firm is included among them. Many of the large trading companies advertise the products they offer in the market and their various services as well, and customers are often known to identify a product with a particular local distributor instead of the foreign supplier. However, foreign suppliers are known to frequently buy space in well-circulated news dailies in which they advertise their wares in a format laid out by local advertising firms.

Media for advertising are adequate to reach the bulk of the customers for producer and consumer goods. The most effective are the daily newspapers which circulate to readers in the three major languages —English, Malay and Chinese. Most of these people, by reason of their long association with the British, are able to communicate in the English language, and most of the members of the business community are reachable in English. Good results are also obtained, particularly for consumer goods, from films shown in movie theaters throughout Malaysia and Singapore.

Almost every home can now be reached by radio, a medium that is increasingly used by distributors to advertise consumer goods. Television, a more recent innovation in these areas, is also being widely used to advertise consumer goods; but this medium is available in a limited number of homes.

Not to be overlooked is the promotional value of institutional and product advertising space frequently bought by large American firms in the popular U.S. consumer and trade publications. These have worldwide circulation, and reach many customers in these countries, particularly the more affluent ones who are business and professional customers for producer goods and the principal buyers of consumer goods.

BUSINESS AND GOVERNMENT GROUPS

There are several chambers of commerce organized on an ethnic basis. These have good membership support, and are loosely tied into a single united chamber in an effort to achieve a consolidated approach when representing the viewpoint of private enterprise in its relations with government. The largest of the chambers have been organized by Malaysian businessmen of Chinese origin and are located in Singapore, Kuala Lumpur, Ipoh and Penang. Membership in these includes a large segment of importers and exporters. The largest and most active of these are the Selangor Chinese Chamber of Commerce located in Kuala Lumpur, and the Singapore Chamber of Commerce.

The chamber in Kuala Lumpur provides some assistance to its trading members by publishing an annual report on the commerce of Malaysia and by servicing inquiries received from foreign suppliers indicating an interest in exporting to and finding distributors in the local market. This chamber also makes space available to foreign distributors for the purpose of exhibiting their products locally. The Indian and Malay chambers of commerce in Kuala Lumpur also provide assistance to importers, but not on an extensive scale, by bringing to their attention business inquiries received from foreign suppliers.

Facilities of the Singapore and Malaysian governments to promote commerce and industry have only limited application to the promotion of foreign export opportunities in the local markets; principal emphasis is on promotion and assistance to local industrial expansion and to exports from these areas.

In Singapore, the Economic Development Board (EDB) has the responsibility for industry and trade promotion. Since new Singapore industries must rely mainly on exports, the Singapore Government has recently established a trading company, Intraco Ltd., a joint venture of government and private business, which will have offices abroad to conduct exports. The Singapore Foreign Service is being gradually organized, and at present, business promotion activities abroad are limited to investment promotion offices in selected countries. Such offices are maintained in New York City, Chicago and San Francisco. EDB publishes a monthly journal—Singapore Trade and Industry, in which a small number of foreign export opportunities sought by foreign suppliers in the Singapore market are published.

In Malaysia, foreign trade activities are administered by the Ministry of Commerce and Industry, and principal emphasis is on promotion and assistance to Malaysian exporters. The Malaysian Government has only recently started to organize a trade promotion service as a part of its foreign service, and thus far has located trade commissioners in selected countries. The Malaysian Trade Commissioner in the United States is located in New York City.

U.S. MARKETING AIDS

American exporters planning to do business in Malaysia and Singapore and those already on the scene have convenient and inexpensive access to a wide range of information and services provided by private and government agencies on a world-wide basis. These are available in the United States, and for U.S. businessmen who travel abroad, they are available from American Embassies and from U.S. firms operating in foreign countries.

Extensive economic, business and market information, sometimes including the market situation for specific products, is readily available in published form and by consultation with informed officials. Check-lists and guides are published which contain references to a wide variety of up-to-date publications on international commerce including reports on business and economic conditions, trade regulations, tax legislation, development plans, foreign trade, and the market potential for specific products in many countries. Reports for Malaysia and Singapore are included. These publications are obtainable at a nominal charge from the Superintendent of Documents, U.S. Government Printing Office, Washington, D. C. 20402, the Field Offices of the U.S. Department of Commerce and in the case of reports relating to Malaysia and Singapore, the Far Eastern Division, Bureau of International Commerce, U.S. Department of Commerce, Washington, D. C. 20230.

Listings of foreign firms known as Trade Lists, and background information about the operations scope and business reliability of foreign distributors known as World Trade Directory Reports (WTDR) are available from the Commerce Field Offices or direct from the Commercial Intelligence Division, Office of Trade Promotion, Bureau of International Commerce, U.S. Department of Commerce, Washington, D. C. 20230. WTD Reports on many firms are immediately available; information may be requested on others. This office may also on request furnish at a cost of $50 a survey identifying up to three potential distributors in a foreign market, with comment about their capa-

Singapore's role as a distribution center and transhipmen point emphasizes the importance of warehousing and storage space. Here is one of the Port Authority's modern portal-frame structures for covered storage.

bilities and the market for a particular product of interest. These surveys are prepared by the commercial staff in the American Embassy located in the country of interest.

Information about economic and business conditions in Malaysia and Singapore may also be obtained in consultations with specialists in the Far Eastern Division, and about industries and products of these countries from industry specialists in the office of Business and Defense Services Administration, U.S. Department of Commerce, Washington, D. C. 20230. Information on agriculture and the market for farm products in Malaysia and Singapore is available from the Foreign Agricultural Service of the U.S. Department of Agriculture, Washington, D. C. 20250.

Headquarters offices of American banks, shipping, airline and other business firms established in business in Malaysia and Singapore are also good sources of market and business information in these countries. Names and addresses of these firms are available in Trade Lists as indicated above.

U.S. businessmen planning to visit Malaysia and Singapore may discuss their itineraries with the international trade specialist in their nearest Commerce Field Office, or communicate their plans direct to the Commercial Intelligence Division. The latter office will transmit trip information to the Embassies in Malaysia and Singapore to alert the commercial offices about their visit plans. This service enables Embassies to plan to assist the visiting businessman upon arrival by identifying information sources and local business and government officials to be contacted. The Commercial Attache in the Embassy in Kuala Lumpur publishes a monthly commercial newsletter which circulates to a mailing list of several hundred importers and businessmen in Malaysia and Singapore. The newsletter includes a section which contains a list of trade opportunities received from U.S. exporters.

American firms exporting to Malaysia and Singapore should also investigate the financing and export insurance facilities of the Export-Import Bank located at 811 Vermont Avenue, N.W., Washington, D. C. 20005. The Export-Import Bank backs export credit insurance coverage on a short and medium term basis provided by the Foreign Credit Insurance Association (FCIA), a consortium of private insurance companies. An export credit insurance policy protects the exporter, when he has extended export credit to a foreign importer, against non-payment due to certain political and commercial considerations; he may choose comprehensive protection against both of these types of risks or political risk coverage only.

This insurance is available on a short term (up to 180 days) or medium term (180 days to 5 years) basis. The former is generally sought in consumer goods export transactions, while the medium term policy is generally sought in the case of equipment and durable goods export sales. Medium term coverage is available on an individual transaction basis, while short-term coverage is generally provided only on a "total turnover" basis. In the latter, the exporter insures all his export shipments, to all his foreign customers, under his short-term policy.

As an alternative to the FCIA medium term export credit insurance policy to protect his extension of credit, an exporter may obtain financing from a commercial bank without recourse to the exporter, for which repayment is guaranteed by the Export-Import Bank. In this financing, the exporter seeks credit from his bank which then obtains a guarantee from the

Export-Import Bank for credit the bank is willing to extend to the exporter.

A full explanation of the export credit insurance protection program of FCIA and the medium term guarantee system of Export-Import Bank is provided in the September 18, 1967, issue of INTERNATIONAL COMMERCE. Inquiries may also be addressed to FCIA headquarters at 250 Broadway, New York, New York 10007, or the Export-Import Bank in Washington, D. C.

The Export-Import Bank's principal long-term credit activity is making direct loans, generally called project loans, to public and private borrowers abroad for the purchase of U.S. goods and services. This type of direct financing by the Bank amounted to almost $1.7 billion in fiscal year 1968. The essential criteria for granting these credits are a reasonable assurance of repayment, and that the loans supplement rather than compete with private lending facilities. The standard interest rate for direct loans is currently 6 percent.

In addition, commercial banks may participate in individual loans made by the Export-Import Bank, and sometimes the Bank helps finance a project jointly with loans from other official lending sources.

Applications for these loans must be initiated by foreign private and public borrowers, but frequently after negotiations have been started with U.S. suppliers for the procurement of goods and services in which suitable credit terms are a vital consideration. These loans have ranged from $1 million and up in the past. U.S. firms offering goods and services for sale abroad in substantial value in which credit terms were an important competitive factor have been able to consumate large transactions over the years with credit assistance from the Export-Import Bank which otherwise would not have taken place.

Loans are also made by the Export-Import Bank to foreign development and commercial banks which relend the proceeds to local private firms to expand production and open new facilities but not to finance products for resale. The local firm may borrow up to 80 percent of the C.I.F. U.S. dollar value of the goods, and related services, which must be imported from the United States.

A more complete discussion of the direct lending operations of the Export-Import Bank to finance U.S. exports appears in the March 11, 1968, issue of INTERNATIONAL COMMERCE. Inquiries may also be addressed direct to the Export-Import Bank in Washington, D. C.

CHAPTER VI

Marketing Factors

Importers in Malaysia and Singapore generally agree that many U.S. products cannot be offered at competitive prices, e.g., at comparable prices or within the premium price range which is acceptable for many U.S. products. Higher shipping costs, for example, to which U.S. goods are subjected, are sometimes a factor in pricing them out of the market. In many instances, U.S. producer goods and consumer durables are higher priced because they possess a high quality ratio; these are often eschewed in these markets for goods with a lower price tag.

Nevertheless, importers in these countries also agree that the full sales potential for many U.S. products which are available at competitive prices or at premium prices acceptable to customers in these markets, is not realized. They point out that a better U.S. market penetration may be possible if U.S. exporters give more attention to other key marketing factors, e.g., selling, financing, delivery, as well as pricing and quoting.

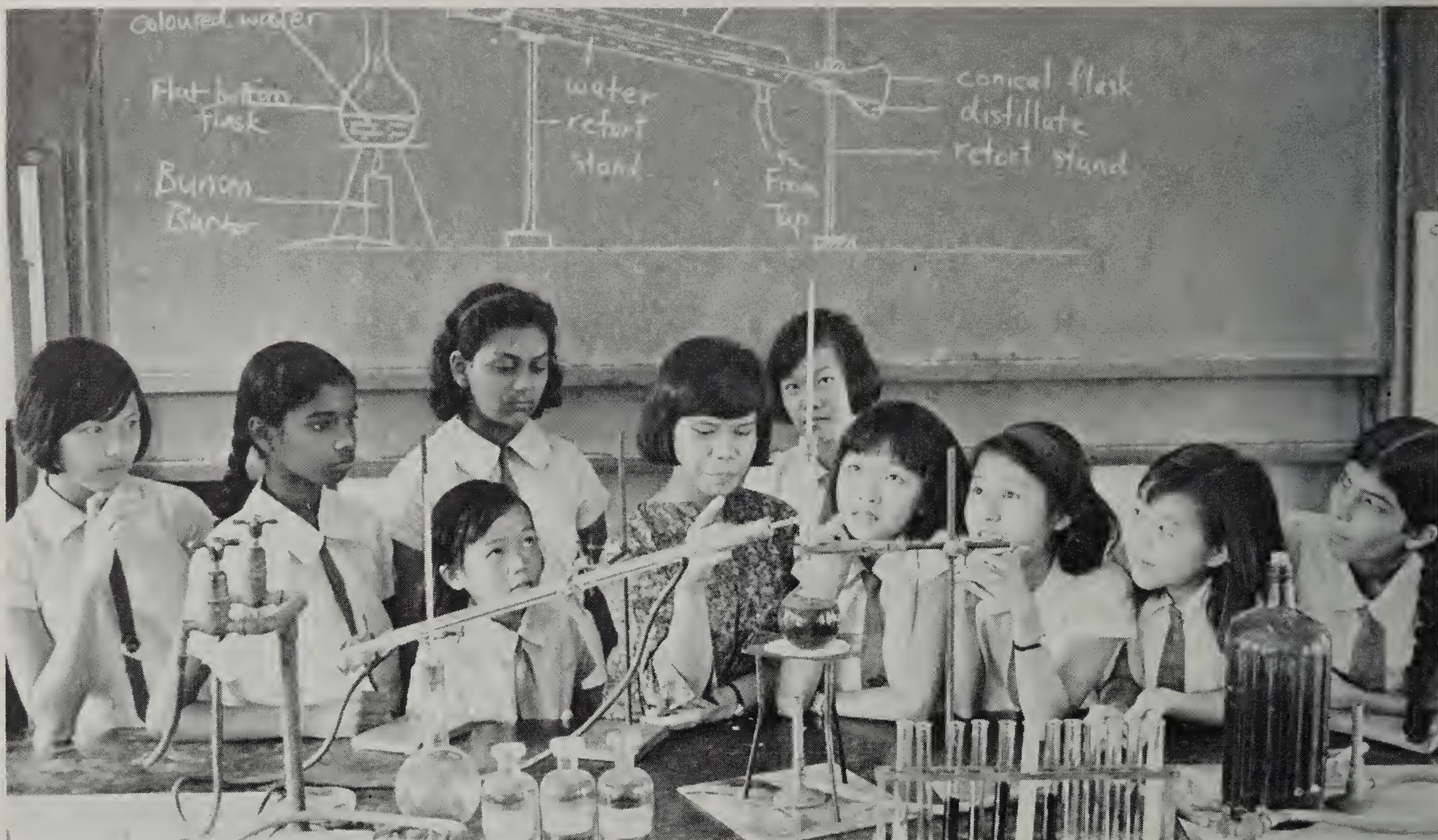
SELLING

Many of the skills in selling goods are well developed in the importing and distributing establishments in Malaysia and Singapore, and are generally vigorously applied. Foreign trading firms, which account for about one half of the imports into these countries, have gradually substituted local for foreign sales staffs, and have trained them in selling methods and product know-how. Also, supervisory and management positions in these firms are being increasingly filled by promotion from within. Salesmanship training by the foreign trading firms has spilled over into local trading firms as sales personnel have transferred to better job opportunities.

In-job training of local nationals in salesmanship by foreign trading firms has been frequently supplemented by training abroad in the headquarters offices of foreign suppliers whom they represent in the Malaysia and Singapore markets. This training, generally financed by suppliers, includes product orientation and application by exposure of trainees to the manufacturing processes in plants of suppliers. In addition, local talent for selling positions in foreign and local trading establishments is increasingly drawn from college graduates who have received degrees in business administration and other specialties from universities in the United Kingdom, Canada, Australia and the United States.

Salesmanship training of local sales staffs is also provided by company representatives of foreign suppliers, who are stationed in Malaysia and Singapore, or make frequent visits to these areas from company headquarters or from regional marketing offices. This training is available to sales personnel of local as well as foreign trading firms.

Competence in product application among sales staffs of local distributors, which is vital in the sale of machinery and equipment, is not as widely available in these countries as are other selling skills. While this situation is being corrected by increased education and training, as previously stated, foreign suppliers of



Malaysia and Singapore both place heavy emphasis on education which is resulting in many benefits including increased demand for goods. Here a science class watches a demonstration in a Singapore elementary school.

machinery and equipment frequently augment the product know-how and engineering skills of their agents in Malaysia and Singapore by locating company representatives in these areas, or in an office elsewhere in the region. These company officials, particularly in the case of important requirements for factory equipment in the private sector or government procurement of infrastructure equipment, are able to provide the essential product application knowledge which helps to swing sales in their company's favor.

Although trading companies serving foreign suppliers in these markets are generally capable of effective salesmanship, foreign suppliers often face the problem of inadequate agency selling performance. A contributing factor is the over-commitment by a large number of local distributors, particularly the larger firms, in representation of foreign suppliers in these markets, with the result that they give appropriate attention only to some of the more salable products they handle and ignore those which require more effort to sell. Foreign suppliers, including many American exporters, have learned to cope with this situation by making a careful search for more flexible agents, which are often found among the less committed trading firms, and by providing market promotion and development support.

CREDIT

Since both Malaysia and Singapore have a history of good fiscal management and financial stability, and there has been a steady growth of well financed and efficiently operated commercial banking facilities, the business community has developed considerable confidence in the commercial banking structure. Both commercial and savings deposits are substantial and on the rise, and banks are active in financing business activities, particularly domestic and foreign commerce.

The minimum interest rate on loans is 8 percent, and the average rate is slightly over 9 percent. Preference in commercial bank lending is for short term loans, although the banks are more frequently meeting middle and long term credit demands. Since the prevailing interest rate compares favorably with the rates in many exporting countries whose producers sell in Malaysia and Singapore, the credit factor in importing is relatively less significant than in markets where a tight money situation has created unfavorable interest rates.

Foreign supplier credit is neverthelss an important element of competition in these markets in a number of situations, and U.S. suppliers may not be fully competitive if they fail to give maximum consideration to the credit factor. Though many of the locally owned trading firms are regular loan clients of the commercial banks, some of them are reluctant to borrow from banks and prefer to finance trading activities with their own capital, or with funds borrowed from friends or members of the family. Foreign owned trading firms are probably more frequent loan clients of the local banks, and are served by both the local and foreign branch banks.

Foreign supplier credit on a medium and long term basis to finance the imports of capital goods is of particular importance in these markets, since local banks prefer to concentrate on short term lending and give lower priority to medium and long term loans. To cite an illustration, a Malaysian entrepreneur recently sought to import plant equipment for which he needed financing. An offer from a Japanese source included four year financing at a moderate rate of interest, but required a guarantee from a Malaysian commercial bank. A bank in Malaysia, asked to provide such a guarantee, reflected with sound banking logic that if it is able to guarantee the credit, it may as well extend the loan and earn the interest thereon, and proceeded to do so.

It is reasonable to speculate that if the entrepreneur had approached a local bank for long term credit before seeking it from a foreign supplier, the response probably would have been negative. The implication therefore seems clear that importers of capital goods in Malaysia and Singapore often expect foreign suppliers to grant them medium and long term credits. Thus, when they choose to seek foreign supplier credits for capital goods, the deciding factor in a sales transaction may be the most favorable financing terms.

Medium and long term supplier credits to support product inventories in these markets are also beginning to assume greater importance, and Singapore because of its free port and other trading advantages appears to offer a good site for warehousing and regional distribution. The use of Singapore as a marketing and distribution center to serve the markets in Malaysia and other Asian countries has a strong appeal to U.S. and other foreign suppliers who are remote from these markets, because the location gives them an improved competitive position with respect to such nearby supplying nations as Japan and Australia. Financing is a key factor in a warehousing operation, and the cost relationship of such a procedure to the normal cost of deliveries from remote sources would have to be carefully weighed.

Although local banks are frequently ready to meet the short term financing demands of importers in Malaysia and Singapore, their response may be negative in many transactions which are regarded as bankable by foreign suppliers. Obviously, there are wide variations in the application of standards for reaching judgments in the evaluation of credit worthiness. For example, under local banking practices, the evaluation of a credit risk may depend more heavily on the personal element than on a professional assessment of

The Government of Malaysia's continuing land development program demands heavy equipment and creates new agriculture customers.

the market. Also, suppliers in many developed countries have access to government financing for their exports which increases their risk taking capacity in bankable transactions over that of banks in Malaysia and Singapore.

Though located some distance from the local business scene, U.S. exporters have convenient access to market information and facts about the business and financial competence and reliability of local importers. (See topic entitled U.S. Marketing Aids in Chapter V.) This information will enable them to judge more accurately the credit worthiness of importers in Malaysia and Singapore, and reach decisions on the extension of export credits that are competitive with those granted by suppliers in third countries.

Retail credit in the form of "hire purchase", which is the local designation for installment buying, is becoming increasingly important in facilitating the sale of consumer durables, and therefore is a factor in the marketing of imported goods. The commercial banks are not directly involved in this aspect of trade financing; it is provided mainly by finance companies, some of whom are branches of banks. Installment buying is most extensive in consumer durables, but in Malaysia some capital goods are financed in this way. The present product range covered in installment buying includes motor vehicles, both autos and motor scooters; household equipment including refrigerators and deep-freeze food preservers and sewing machines; and radio, television and record-playing sets and tape recorders. Malaysia and Singapore have enacted legislation which prescribes ground rules for all phases of hire purchase financing, including limitations on charges.

PRICE AND QUOTATION

The price factor is undoubtedly very carefully weighed by customers in Malaysia and Singapore in reaching decisions to buy goods from foreign suppliers. But it is usually not the sole criterion in a purchase decision, and the buyer relates it to other pertinent considerations. A decision to buy is often reached even though the price itself is not competitive.

This kind of reasoning is commonplace in the procurement of industrial equipment in which the credit factor often becomes outstanding. If no major variations in equipment quality are obvious to the buyer, who often lacks the technical competence to make an accurate appraisal, he is inclined to favor a purchase based on lenient payment terms rather than low price. Also, it is not unusual for an importer to place an order for capital equipment he recognizes as of lower quality and less efficient but which carries more liberal financing terms.

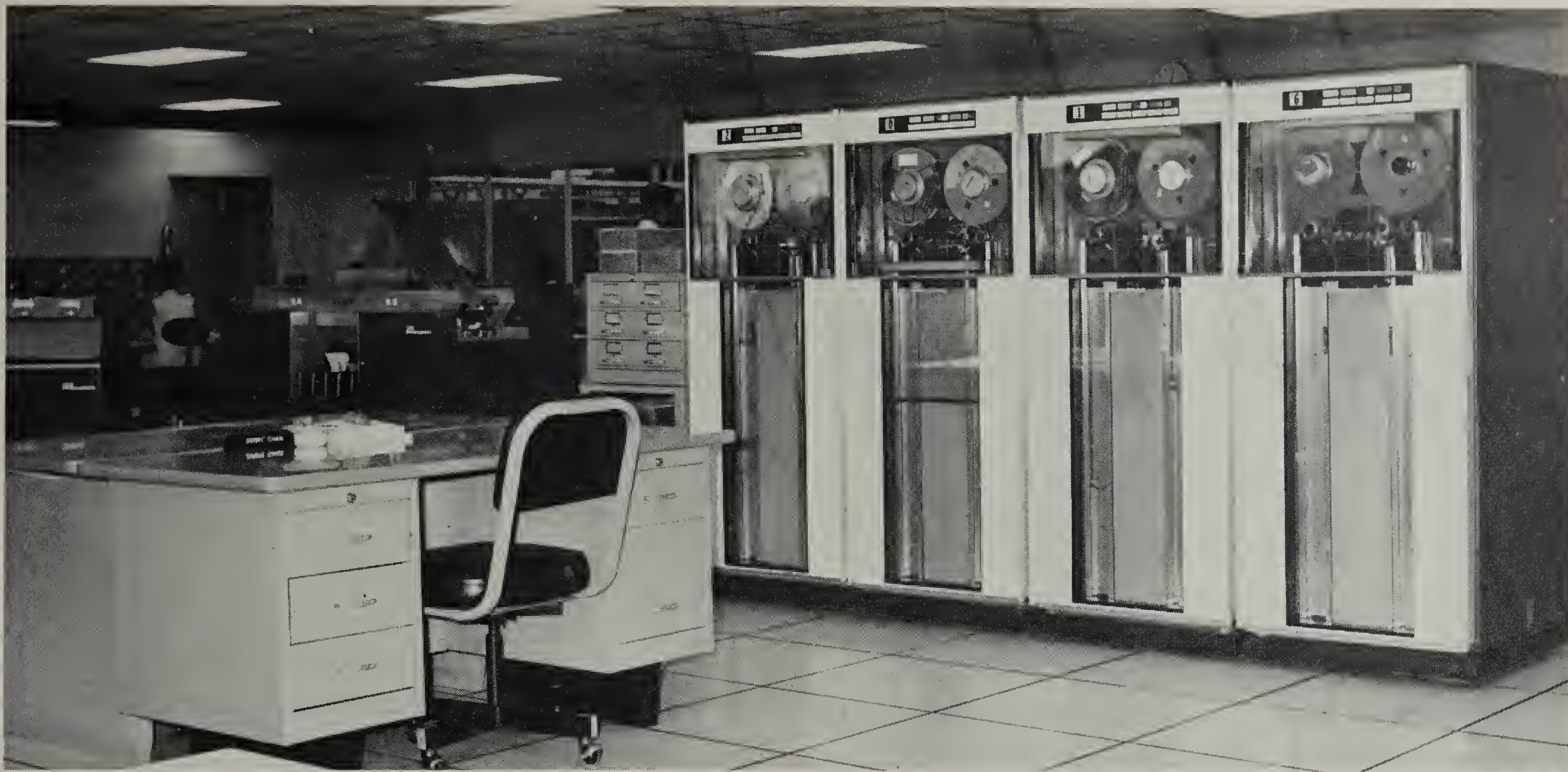
The price factor is also often submerged when the products desired have achieved a special acceptability in the market. These may be product or equipment items which have earned special reputations for quality and performance on the basis of consumption experience, or have gained wide acceptance through trade promotion and advertising such as in printed media circulated internationally, or have achieved a preference through long and successful exposure in these markets. Many of these items have gained a so-called brand name reputation.

Since the price factor often has a bearing on a purchasing decision, it is of course important that the exporter adopts a realistic pricing procedure. Many importers in these markets, particularly the medium sized and small firms, prefer to place import orders directly with or to serve as agents for manufacturers abroad. This preference is based on the belief that if they deal through an intermediate source, e.g., combination export manager (CEM) or a merchant exporter, the import price of the product they purchase is necessarily higher in order to support outside exporting facilities. U.S. CEM's and export merchants have a missionary role in dealing with importers in Malaysia and Singapore who raise this question to convince them that costs relating to the export process are basically the same whether borne by them as intermediaries or by the manufacturer.

Words of caution on pricing for export to Malaysia and Singapore, as well as other foreign markets, may be desirable, at least to inexperienced exporters. It may be a mistake for a manufacturer to include in the price of his product quoted to a customer in Malaysia and Singapore the cost of the domestic sales department if it takes no part in the exporting process. Only the selling costs which relate to the export process are entitled to be included in the export price. The difference between an export price quotation which includes the cost of domestic selling and a price that excludes this expense may be sufficient to influence a purchase transaction.

DELIVERY

The problem of prompt delivery of an order for goods is universal in merchandising. However, the time involved in the physical movement of goods from



This is the control room of a parts depot maintained by the Caterpillar Tractor Company in Singapore, an ideal location for a distribution center to expedite deliveries to Asian markets.

exporter to importer is greatly expanded, and the delivery problem is undoubtedly more troublesome in U.S. exports to Malaysia and Singapore because these countries are so remote from the United States. In addition, the filling of an export order from inventory or placing the order in a supplier's production schedule, and transfer of goods to the port of embarkation may further widen the delivery gap.

Best estimates of order-to-arrival time for shipments to Malaysia and Singapore for most products available from inventory or requiring a short time to manufacture indicate that U.S. shipments generally take considerably longer than from the United Kingdom or European countries. Shipment time from Australia and Japan is, of course, less than from distant countries. Too often, therefore, importers in Malaysia and Singapore decide against placing orders with U.S. suppliers because their delivery dates are distinctly less favorable than those offered by Japanese and even European suppliers.

Some aspects of the delivery problem are probably more easily resolved than others. American suppliers may readily exercise more care in expediting the paper work involved in processing export orders. Also, a better balancing of production schedules between domestic and foreign orders as well as better planning to expedite inland transportation and to obtain the earliest shipment date with ocean carriers may be desirable to compete more effectively in these markets.

When slack has been taken up in cargo delivery time by the above measures, there remains the major problem of competition in cargo delivery which results from the greater time involved in moving cargoes from U.S. ports to ports in Malaysia and Singapore than in shipping goods from Japan and Australia, and even from distant European ports. Although this problem cannot be resolved readily in all U.S. cargo delivery situations, the following alternatives may provide a measure of relief to American exporters of certain products, and greatly improve their competitive position in these markets.

Foreign suppliers are finding it feasible and competitive to ship a widening range of goods to these markets via air freight. Almost 4 million pounds of air cargo was landed in West Malaysia during 1967. More than twice that amount was landed in Singapore where incoming air freight increased 55 percent over 1963. Both areas have modern international airports and are served regularly and frequently by most of the international airlines. Singapore is served by 23 world airlines and has a total of 490 inbound and outbound flights per week. A single U.S. airline serves Singapore twice weekly, and air service to nearby Malaysian cities is frequent. The advent of the jumbo jet and its more efficient accommodation of freight cargo may be expected to help U.S. exporters overcome the time-distance delivery problem.

The Singapore Government is preparing to meet the rapidly expanding air cargo demands in the region by resurfacing and extending runways at the international airport, and installing parking aprons which will accommodate as many as 20 of the jumbo Boeing 747's at a time.

U.S. exporters of a variety of products also may be able to overcome the time-distance delivery problem by developing facilities in a single commercial center for warehousing and regional marketing and distribution. Several Far Eastern cities may be suitable for this operation, and Singapore is well qualified to be included among them.

A basic element in a regional marketing operation is the storage of selected products in warehouses for future delivery to customers in markets located a reasonable distance from the distribution point. Requirements for this operation are adequate free port facilities including warehouses, inland transportation and lighterage, frequent shipping connections with the market areas in the region, capable trading establishments and banking services.

Singapore has an abundance of the necessary facilities, and is being used increasingly by foreign suppliers as a regional distribution and marketing center. It is essentially a free port area with no customs procedures relating to non-dutiable goods imported for reexport. Documentation requirements are rapidly met in the case of a small number of products on which tariffs are levied to protect local industries. There is considerable public warehouse space in the port areas. Also, many of the trading firms maintain warehouses in the city from which port areas are conveniently reached. See Warehousing in Chapter V.

New warehouses are being added steadily, particularly in the port areas. The cost of open or covered storage space in the two port areas—Port of Singapore Authority and the Jurong Industrial Wharves—is at the rate of \$.013 per square foot or \$.13 per long ton per week for an indefinite time.

Financing of inventories is an important factor in a regional warehousing operation. A large number of local banks are available in Singapore to finance foreign trade; these include three branch banks owned by large American banking institutions which operate internationally. Interest rates on commercial loans range from 8 to 9 percent. See Banking in Chapter V.

The Government of Singapore welcomes foreign business enterprises, both as investors in production facilities and in establishment of regional distribution operations. The granting of a special tax concession to regional marketing firms engaging in international trade is now under study by the Government. Meanwhile, a tax concession may be granted on a case-by-case basis provided that such a benefit does not result in transferring the tax obligation to a foreign government.

The regional warehousing and distribution operation in Singapore has been discussed here in the context of improving U.S. exporters' competitiveness by enabling earlier deliveries of goods ordered in Malaysia and Singapore and other market areas in Asia. This kind of operation may also result in increased sales by U.S. exporters to customers in Asian countries where delivery time is an important factor because regulations require them to make advance import deposits.

There are abount 200 international companies with Asian regional or sub-regional marketing and distribution offices in Singapore. Many of these are producing in Singapore for export to Asian markets. Those which conduct distribution and marketing operations include Borg-Warner, Caterpillar, Cluett-Peabody, Eastman Kodak, International Business Machines, National Cash Register, Singer Sewing Machines and Minnesota Mining and Manufacturing.

American suppliers are reminded that they may have the local and regional market situations assessed for their products and services by market research firms located in Malaysia and Singapore. A list of market research firms in these areas is included in Appendix F.

CHAPTER ***VII***

The Market Sectors

AGRICULTURE

Malaysia provides by far the larger market for agribusiness equipment and supplies, but Singapore, although a small area with limited land resources, carries on a limited and highly specialized agriculture.

Although agriculture makes the largest contribution to the Malaysian economy (25 percent in 1966), and provides direct employment for the largest number of persons, this sector does not account for a proportionate consumption of producer and consumer goods. The rice growing industry which supports a major segment of the rural population has only entered the first stages of mechanization, and the manpower/output ratio is quite low. Rice farmers are presently not heavy buyers of producer equipment and their demands for imported consumer products are negligible. However, mechanization and improved farming techniques are being introduced which will bring increased buying power to rice farmers.

The important perennial crops such as rubber, oil palm and coconut palm, once they are planted, rely mainly on manual labor and thus do not generate a major demand for crop tending and harvesting equipment. However, per capita earnings in these activities are considerably larger than in rice production.

In rubber production, a major agricultural activity, over one half of the output is from large plantations owned and managed by absentee owners; another large segment comes from the so-called small holdings which average about 100 acres in size. The balance, a relatively small portion, is produced by small farmers, who are settled on new land development estates, and each of whom cultivates not over 7 acres of rubber trees.

In contrast with rice farming, rubber growing is quite profitable for owner-operators of plantations and small holdings who demand the latest technology and equipment. Most of the equipment and supplies for rubber growing are imported, and include the following items for which imports in millions of U.S. dollars in 1967 are stated in parenthesis: piston engines (18.5), pesticides and weedicides (9.3), farm tractors (2.8) and agricultural machinery including spraying equipment (1.4). Some of these imports are for other farming activities, and for other market sectors as well. U.S. sales are only fair in farm tractors, but good in the other items.

The development plan calls for expansion of rubber production which will be achieved mainly by a continued, and possibly accelerated, rubber tree replanting program financed by the government. Some expansion in rubber acreage is seen, but this will be limited to new acreage under the rural land development program. However, expansion may be somewhat curtailed by the substitution of oil palm and other crops in order to diversify agriculture.

Buying of producer goods by rubber growers, theremore, will probably not exceed existing levels, though some increased buying of consumer goods is likely in the newly settled farms as their owners begin to tap

Agriculture makes a large contribution to the Malaysian economy with rubber production one of the major activities.

new trees. New customers will also be found among the smaller rubber planters who are gradually acquiring small holdings from the large estate owners who continue to fragment their plantations.

Workers on the rubber plantations and farms received an average income of $430 during a recent year; also, a majority of them were recipients of free housing. They are therefore not significant buyers of imported consumer products. The small rubber holdings, which account for about one half of total rubber production, are owned by Malaysian nationals who are in effect an entrepreneural group whose incomes from rubber growing are high enough to meet their requirements for consumer products.

Although rice farming makes the second ranking contribution to the Malaysian economy, this sector in its present stage of development presents only modest demands for producer and consumer goods. Rice farms are usually small, averaging from 3 to 4 acres, farming methods are backward, and farm income is currently lower than in any other economic group. Farmer purchases are limited to the bare essentials such as the simpler tools and implements and minimal personal requirements. There is little or no use of fertilizers and other farm chemicals on the rice farms.

With government assistance, some progress has been made in the introduction of modern farming methods including the use of machinery, farm chemicals and farm credits. This development has formed the nucleus for a large-scale rice farm modernization program now being implemented in conjunction with the government's vast water conservation and irrigation projects, one of which will enable the double cropping of more than 250,000 acres of rice land in the early 1970's.

In the long view, therefore, the rice farming sector promises to become an attractive market for imported producer goods, with some potential for consumer goods. It is estimated that farm income in the double cropped areas will be doubled. This will result in new purchases of such items as small engine-powered vehicles capable of soil tilling, crop harvesting and farm transport; rice planting and other crop tending equipment; grain drying facilities; and farm chemicals including fertilizers. A new prosperity among rice farmers will also lead to new and larger markets for consumer goods.

Although of lesser importance to the economy than rubber, rice and palm oil, there are other agricultural pursuits for which there is a significant demand for imports. Some of these appear to offer a faster growth potential than the traditional staples, and will therefore increase the demand for imported products. Already an important crop, the growing of pineapples for canning and export has a good potential and is expected to attract the attention of entrepreneurs looking for new profitable ventures. Import requirements are processing, packaging and materials handling equipment, in addition to the customary farming and transport equipment.

The growing of bananas for home consumption will soon be expanded for export. A banana production scheme worth exploring is the organization and supervision of banana growing on the 3-acre tracts of the newly settled farms by entrepreneurs knowledgeable in the production and marketing of bananas who would handle transportation and marketing. Expansion of these crops will create new demands for the usual producer equipment and supplies, and growers with new incomes will become customers for consumer goods.

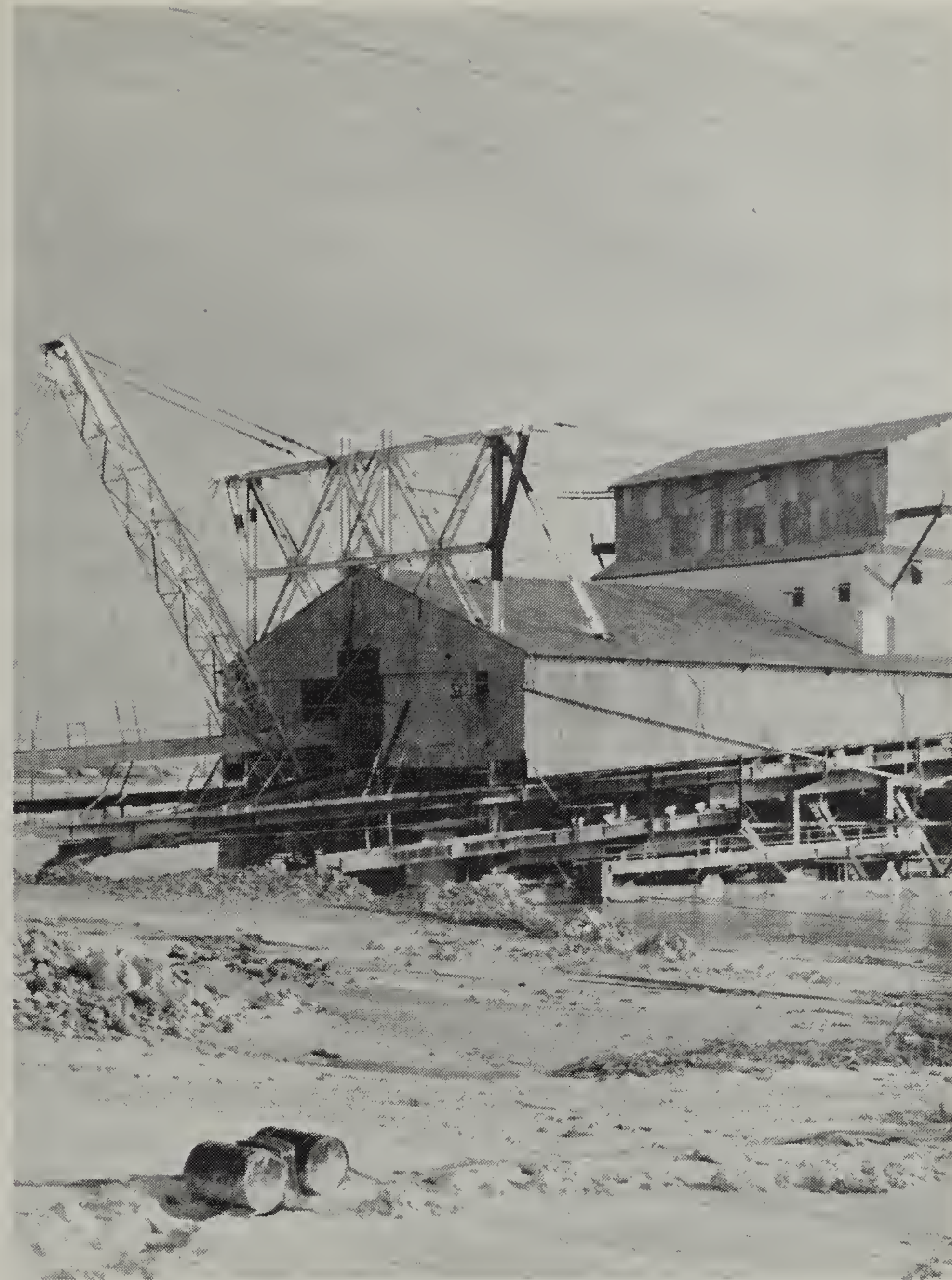
The raising of hogs and poultry and egg production are important and steadily growing economic activities in Malaysia and Singapore. Modern technology, equipment and feeds, already introduced in livestock and poultry raising, are being increasingly used in the expansion and establishment of new producing units. With the new emphasis in Singapore on industrialization, particularly for export, it is conceivable that the country's hog and poultry raising industry, stimulated by the mass market demand for low-priced high protein foods in Asian countries, could gear up to an economy of scale level and supply this market. This development could lead to new import demands for animal and poultry vitamin processed feeds; feed-mixing and storing equipment; feed containers and feeding equipment; and incubation equipment. American suppliers are presently active in supplying this industry, and can achieve increased penetration with additional effort.

Foreign suppliers do not enjoy equal opportunity in the sale of producer equipment to the large rubber estates which are owned and operated by foreign investors. These estates account for more than one half of Malaysia's rubber production, and are owned by British investors except for the substantial holdings of a single American company. British estates are in many cases managed and operated by local branches of British companies whose extensive trading facilities are favored in providing the major import requirements of the rubber estates. It may be assumed that U.S. suppliers who have agents in these countries are also favored in meeting the import needs of the U.S. rubber plantation.

The market is openly competitive, however, for the import requirements of the small rubber grower segment of the rubber industry, and in the non-rubber farming activities. The usual competitive factors emphasize price, credit, quality, deliveries and service; however, it is noted that Japanese suppliers are making the best selling progress, probably because they concentrate more effort on testing and demonstrating their farm equipment in the market area and are willing to adapt it to local requirements.

In view of the anticipated market potential in the rice growing and other farm crop areas which is being generated by government agricultural development programs in Malaysia and in other Southeast Asian countries, U.S. suppliers of farm equipment and supplies may overlook some attractive market opportunities unless they take a long range view of these markets and begin cultivating them now.

The growing of oil palm and production of palm oil and kernels has within a few years developed rapidly to become a major economic activity in West Malaysia and Sabah. Malaysia is now the world's leading exporter of palm oil. Total acreage in West Malaysia was 346,879 in 1967 as compared with 135,000 in 1960; growth in acreage was at a spectacular annual rate of 22.3 percent.



Mining is an important activity in West Malaysia with tin mining of major importance. This tin dredge is at work at a mine just outside Kuala Lumpur.

Production of palm oil in West Malaysia amounted to 213,403 long tons, and in view of rapid new crop planting and a bearing capacity reached 4 years after planting, about one half of the trees are now in production. Output of palm kernels was 48,303 long tons in 1967.

Oil palm growing has also been started in a large project in Sabah where 15,000 acres were in cultivation and about 5,000 long tons of oil were produced in 1966. The project in all phases including land development and conversion from virgin forests, access road construction, oil extraction plants, and other equipment, cost about $16.8 million.

The principal incentives for the industry had been the increasing world demand for palm oil, the urge for diversification in Malaysian agriculture fed largely by the declining world price of natural rubber, and the availability of virgin land for conversion to farm production by government programs and by an enterprising private sector. Some of these incentives are no longer present. A recent shift in the world supply and demand situation for palm oil, and an increasingly unfavorable price relationship of this commodity with an improved market for natural rubber may slow down growth in this industry. Although substantial producer equipment requirements are expected to continue, greater emphasis is expected on improvements in production technology and marketing.

Since the palm oil industry has developed mainly on large estates which have access to ample capital, modern production machinery and equipment are in demand. These include the usual cultivation equipment and supplies needed, largely from imports, in tending such a perennial crop as rubber, e.g., farm tractors, cultivating implements and machinery, spraying equipment, farm utility trucks, tank trucks, fertilizer, and pesticides. The market characteristics are similar to those discussed relative to import requirements for rubber production.

The logistics factor in oil palm processing does not differ greatly from that of rubber. Oil extraction plants are usually located adjacent to the oil palm estates, and in each of the Government's new farm development schemes on which oil palm is planted. The Government obtained a loan of $2.8 million from the Asian Development Bank in February 1969 to finance the foreign exchange requirements to build two palm oil extraction plants in Government land development schemes now being planted with oil palm. Construction will be in two stages, the first starting in 1970 for completion in 1971, and the second starting in mid-1972 for completion at the end of 1973.

Plant construction draws largely on local products, in one recent case to the extent of 70 percent. However, important machinery requirements must be imported; these include steam sterilizing vats to soften the palm fruit pulp, threshing or stripping machines, pulping or digester machinery, hydraulic presses, and centrifuges.

The market for plant machinery is held largely by suppliers in the Netherlands. However, in view of the possible long-term growth potential of the oil palm industry in Malaysia, it may be profitable for U.S. equipment suppliers to investigate the market.

FISHERIES

Total contribution by fisheries to the gross national product in West Malaysia is slightly over 2 percent, and probably less in Singapore. The Malaysian Development Plan for 1966-70 projects an annual growth of 6 percent during the period of the plan to reach a GNP value of $70 million in 1970. Recent figures show about 72,000 persons were engaged in fishing in West Malaysia and 3,783 registered fishermen in Singapore. The fish catch in West Malaysia amounted to 301,000 long tons in 1967 while the auctioned catch in Singapore was about 10,000 tons.

Current production in West Malaysia is mainly for local consumption; however, there is a cannery in Penang which processes tuna for the export market. Production in Sabah consists largely of frozen prawns for export; shipments were $1.5 million in 1966, mostly to Japan and the United States. The Singapore catch is presently for local consumption.

Present requirements for imported equipment include engines to propel fishing craft as owners gradually convert them to engine power. The fishing fleet in West Malaysia consisted of 13,032 powered and 7,204 non-powered boats in 1967; there were almost 10,000 fishing vessels in Singapore most of which are powered by engines.

The governments of both countries are increasingly promoting the growth of the fishing industry by providing infrastructure facilities. The Malaysian development plan provides for an outlay of $7.4 million to support research; training of fishermen in the use of modern facilities including the processing and marketing of their catch; and the construction of infrastructure to accommodate large-scale and efficient marine fishing. In the field of extension and education, a fisheries college is planned for location in Penang.

An ambitious program to promote the Singapore fishing industry calls for a minimum investment of $20 million to be made over a 10-year period. A sum of $12.7 million will be spent to develop infrastructure which includes a fishing harbor, fish auction market, and refrigerated storage facilities. About $17.3 million is expected to be invested by private enterprise in the construction and operation of private fishing fleets and shore processing and storage facilities; with foreign participation on a joint venture basis.

The combination of ample fishing waters and government programs to promote and assist the industry may stimulate increased activity which could mean substantial new demands for imported marine engines, electronic depth finders, fish finding sonar equipment, navigation equipment and steering gear, processing equipment including ice plants, canning and packaging equipment, fish nets and wire rope, and other essentials.

Foreign technology and equipment are in demand. The Malaysian Government engaged a French firm of consultant engineers on fishing ports to investigate the feasibility of a fishing harbor complex in Penang. The survey was completed in mid-1968, and is expected to be followed by the development of fishing facilities by foreign companies.

MINING

Mining and quarrying are mainly West Malaysian activities, but also have market significance in Singapore where trading firms participate in the purchase of machinery and equipment for Malaysian mines. There are also tin smelters in Singapore which smelt tin concentrates produced in Malaysia.

The mining and quarrying sector contributed a value of $198 million to Malaysia's GNP in 1966, or 7 percent of the total. These industries have made good progress in recent years; their contribution to the national product rising by 74 percent in 1966 over 1960. Tin mining is by far the leading mining activity, and output of the tin mines accounted for exports valued at $252 million in 1967, or 29 percent of total exports. The production of iron ore is second in importance in the mining sector, and has made good progress since 1960.

Malaysian Government planners do not foresee any growth during the period of the development plan (1966-70); but anticipate some loss of ground. They expect a considerable depletion of known tin deposits, particularly in the major dredging segment, though some expansion is indicated in the gravel pump mines which account for more than one half of production. This indicates a need for more gravel pumps, internal combustion engines and electric motors. Production of iron ore is expected to decline during the plan period as existing deposits become depleted; however, there are prospects for the location and development of new ore deposits.

In the long view, prospects appear good for increased production of tin, iron ore, and copper as a consequence of present exploration and development of new ore fields. New tin deposits are being explored in the offshore areas of the State of Perak which is presently the major tin region; prospects of new iron ore deposits are not to be discounted. Also, the development of a rich copper strike in East Malaysia has recently been started by a major Japanese mining firm. Some government financial assistance is also being provided in the present development plan to carry on prospecting for tin ore reserves on the Malay Reservations which are believed to contain about 15 percent of the total present known reserves. Previously not available for development, it is planned to develop these reserves for the benefit of the Malay segment of the population to give them a larger share in economic development.

The mining sector is an important market for producer equipment and consumer goods, in its present state of development, and in the course of anticipated development and expansion in future years. No figure is available to indicate the amount of wages and salaries paid, but the industry employed a total of 61,000 persons and produced a value of $307.8 million in 1965. Free housing is provided to 64 percent of the workers employed in tin mines operated by dredges, and 80 percent in the gravel pump tin mines. The industry, particularly the tin mining sector, may be regarded as a profitable one for mine owners; it was singled out by the government fiscal authorities in 1965 for the application of a newly enacted excess profits tax levy because it was considered a particularly prosperous economic activity and able to absorb an additional tax.

The mining equipment market, supplied mostly by imports, is the largest in the tin mining industry. Here, the range of producer equipment needed to replace worn out or obsolete equipment includes all of the moving parts of various sized dredges. Dredging accounts for somewhat less than one half of total tin production. Expansion and replacement equipment needed for gravel pump mines is mainly electric motors, gravel pumps principally of the centrifugal types, steel gravel conveying pipe, usually 10″ diameter, water pipe, and water pump monitoring devices. Open cast mines require hydraulic elevators, power shovels, excavators, basket wheels, rubber conveying belts, hoisting equipment and ore buckets. Replacement equipment is needed for dressing shed operations which encompass various types of separators, and tilting tables. Replacement equipment is also needed for the Penang and Singapore smelters.

Foreign-owned mining operations are favored equipment markets for foreign suppliers who are compatriots of the mine owners. Most of the foreign-owned mines, mainly the dredge-operated facilities, are in the hands of British owners. Their import requirements are obtained largely from British suppliers. There is a single U.S.-owned dredge mining enterprise of substantial dimensions whose requirements of imported equipment are supplied mostly by U.S. suppliers. A U.S. financed company mines about 60 percent of the iron ore output valued at $41.5 million in 1967, and U.S. suppliers have a favored position in supplying the equipment requirements of this firm. There is substantial ownership by British interests in ilmenite mining operations, and the important bauxite mining facilties are owned principally by Canadian interests.

Local entrepreneurs, mostly Chinese Malaysians, are the principal owners and operators of the gravel pump tin mines which account for more than one half of Malaysian tin production. Foreign suppliers of equipment needed by these miners find opportunities in this market to be openly competitive, and succeed in making sales in direct proportion to their marketing effort. American suppliers are well represented in the sale of pumps and engines needed by the gravel pump tin mines.

FORESTRY

Forestry as it relates to the production of logs has undergone significant development in Malaysia, and provides an important market for machinery, equipment and tools in which American suppliers are competitive.

This industry is of lesser significance in West Malaysia where it is exceeded by more important economic pursuits. However, it contributed $30.7 million or 1.6 percent to the gross national product in 1966, and makes a major contribution to the national economy in Sabah which was $68 million or 39.4 percent in 1966. Forestry is an important activity in Sarawak where it probably contributed about $13 million to the GNP in 1966, or 16 percent.

The contribution to the national economy resulting from the production of wood products such as sawn timber, plywood, pre-fabricated houses, and flooring, an extension of the logging industry, is discussed in the section dealing with manufacturing. This activity is considerably smaller in West Malaysia than logging, and is of minor importance in Sabah and Sarawak where most of the log production is exported.

Some concept of the scope of the logging and wood products industries in Malaysia is indicated by export statistics. Exports of logs and sawn timber from all of Malaysia were valued at $194 million in 1967, of which 82 precent was in the form of logs. West Malaysia exported a value of $43.2 million, less than one half in logs; Sabah's exports were $105.4 million, almost entirely as logs; and Sarawak exported $45.3 million of which 73 percent was in logs.

Activities relating to the clearance of forest area, construction of access roads and rail lines; felling of trees, stripping and sawing of logs into proper lengths,

Forestry, the fourth ranking industry in Malaysia, is an important outlet for imported producer equipment.

and transporting logs to sawmills and export ports require a substantial importation of producer equipment in terms of present development of the industry. There are ample reasons to believe that the rapid growth in recent years will be duplicated in the future.

Malaysia is rich in forest resources, and private enterprise, including foreign investors, has been showing increased interest in obtaining forest land concessions, developing logging ventures and initiating new wood products manufacturing enterprises. Government planners have included a forestry development program in the current development plan, which will cost $4.1 million. Using financial and technical help from the United Nations Development Program and the Food and Agriculture Organization, an operation plan was adopted in September, 1968 which in three consecutive phases will survey forestry practice and policies; produce a national plan for the development of forestry; and implement development programs including the promotion of investment.

A GNP value of $68 million is estimated for forestry in 1970 in the development plan for West Malaysia alone, which means an annual growth rate over 1966 of 11 percent. Sabah and Sarawak with GNP contributions by forestry of $68 million and $13 million respectively in 1966, are expected to show a faster annual growth rate during the development plan period which ends in 1970.

The logging industry in Malaysia is as highly mechanized as anywhere in the world, and generates a substantial demand for a variety of machinery and equipment which must be filled by imports. No estimates of the size of the import requirements are available since many of the items needed have a wide application in other market sectors, and import figures cannot be broken down by end uses.

The more important items needed by this expanding industry are excavating machinery including large earthmoving tractors and tractors with drawing power and earthgrading attachments; steel wire, steel cables and pulleys; steel log chains and short chain strips; motor trucks capable of carrying from three to twelve logs of several foot diameters and as much as 30 foot lengths; lifting cranes and winches; small tugs to pull rafts of logs in rivers and harbors; cutting equipment and tools including axes and gasoline-powered chain saws; and replacement parts for equipment.

U.S. suppliers are actively represented in these markets for the above products, with the possible exception of steel products including chains, cable, wire, pulleys and hand tools. In fact, the U.S. supplier position in these markets for excavating equipment, tractors for truck trailers, motor vehicle parts and powered chain saws may be regarded as very satisfactory, while the U.S. share of the market for lifting and loading equipment is about 12 percent. U.S. sales in the other items are in a more modest volume, and it is believed that increased opportunities can be found for a greater penetration of the market in these items, particularly in chains, cables, pulleys and hand cutting tools.

MANUFACTURING

The manufacturing sector is believed to promise the most rapid development growth in West Malaysia. From a gross national product value of $263 million in 1966, manufacturing is projected to increase at an annual rate of over 10 percent during the period of the development plan ending in 1970. Main emphasis will be on the production of consumer goods; about 60 percent of the present annual demand of over $2 billion is imported. Malaysia, which has a sizable domestic market, will continue to stress import substitution in its efforts to promote more manufacturing, but also will emphasize export orientation, particularly in products which make maximum use of local raw materials and other resources. In addition, special attention will be given to the development of small plants for processing agricultural products.

Progress in manufacturing in the recent past, although not spectacular, supports the promise of brisk growth in this sector. For example, the annual growth rate was slightly over 11 percent during the development plan period ending in 1965, which greatly exceeded the growth rate of a little more than 4 percent in the major economic sectors comprising agriculture, forestry and mining.

More substantial government assistance for development is in infrastructure projects and agriculture. However, the Government has also come forth with broad scope assistance programs to promote new factories. These include strategically located and fully equipped industrial estates, tax relief legislation, financing sources, and agencies to help private investors plan and implement manufacturing plants.

Financing for manufacturing expansion has come from the savings of local entrepreneurs and from foreign investors. Commercial banks reported outstanding loans to manufacturers of $71 million as of December 1967. In addition, the Malaysian Industrial Development Finance Berhard (MIDFB), a lending institution financed jointly by government and private banks to finance new factories, made new loans total-

Steel ingots are being cast here at the new steel plant at Prai, Malaysia. The plant features import substitution, relying on local iron ore and rubber tree coke.

ing $3.7 million to industries in 1967 for 40 projects. As of 1967, a total of 129 companies benefiting from the government's industries incentives programs, had an investment of $135.6 million of which 57 percent was from foreign investors. Most of these are located in West Malaysia.

The manufacturing sector generates demand for producer goods and raw materials. A large part of the 1967 imports of machinery valued at about $192 million was purchased for this sector, although significant machinery purchases were also made for government infrastructure and services which are discussed in this chapter under the topic, Government Procurement. Plant equipment is in demand for replacement, expansion and modernization; the latter is probably on a modest scale. Not to be overlooked, however, are the sizable new demands for producer equipment and raw materials as a consequence of the faster rate of growth anticipated in this sector.

Complete identification of advance import needs of factory machinery and equipment has not been attempted in this report. However, the Federal Industrial Development Authority (FIDA) which is promoting and coordinating the development of manufacturing in Malaysia is responsible for the identification of suitable manufacturing projects and preparation of feasibility information regarding them.

FIDA has prepared a list of products which have a good potential for manufacture in Malaysia. This list, shown in Appendix D, names such food products as confectionery, starch and jellies; chemicals including carbon black and sodium chlorate; wood products including furniture, doors and windows, parquet flooring and veneer; and miscellaneous items including rubber gloves, tools, bolts and nuts and boats. U.S. suppliers interested in marketing factory machinery and equipment in Malaysia may wish to communicate with the Federal Industrial Development Authority, P.O. Box 618, Kuala Lumpur.

A listing of some of the manufacturing enterprises recently established in Malaysia and the products they manufacture is shown in Appendix D. The list includes more than 100 firms which make a wide range of products in the following categories: foodstuffs, wood and rattan, furniture and fixtures, leather, chemicals and pharmaceuticals, petroleum, metal and machinery.

It should not be overlooked that management and other personnel employed in manufacturing are among the best customers for consumer goods, and that this group will increase at the rate of about 4 percent per annum during the period of the present development plan. Employment in 1966 in major industries accounting for four-fifths of all industries, was 81,163, and wages and salaries paid were $61 million, or an average of $751. About one seventh of all factory employees receive free housing, and about one half of this number receive free groceries.

Before 1960, manufacturing in Singapore consisted mainly of initial processing of raw materials imported from Malaysia, Indonesia and other Southeast Asian markets, and reexporting the finished products. Additional industries were developed to service the entrepot trade, including shipbuilding and repairing facilities, engineering workshops, and motor vehicle assembly and servicing. These were supplemented by expanding food and beverage production facilities, the growth of light engineering works; printing and publishing and production of building materials.

Singapore began accelerating industrial development in the early 1960's when it appeared that entrepot trade development was not sufficient to provide employment for a fast growing population. Spurred by the government's generous industry incentives program and progressive installation of infrastructure, new industries were introduced.

The most important of these are a steel plant designed to produce mild steel bars, high tensile bars, sections and angles for the construction industry at an annual capacity of 120,000 tons; flour mills; three petroleum refineries and a fourth under construction; a shipbuilding and repairing facility; motor vehicle assembly plants; a cotton textile industry including knitting mills, weaving plants and apparel and piece goods making facilities; chemicals plants including a fertilizer factory; animal feed mills; electrical appliance and cable manufacturing.

Since 1960 the manufacturing sector in Singapore has made rapid progress which is expected to continue or accelerate in years to come. In GNP terms, from 1960 to 1966 manufacturing climbed at an annual rate of almost 24 percent. In the development plan ending in 1970, the annual growth rate is projected at 25 percent.

Based on census figures covering industries employing 10 and more persons, which probably account for 80 percent of total industrial production, there were 1,102 industrial establishments in Singapore in 1966 whose output was valued at $435 million. These plants employed 52,594 persons whose earnings amounted to $49 million or an average of $931. (Per capita GNP was about $600 in 1966). Total capital expenditures in these industries during the 7-year period 1960-66 was $168 million.

Singapore's industrial growth has been spurred by a stable and solvent government; competent and dynamic leadership in government and business; and manpower resources willing to absorb new methods of production and capable of intense application. Other assets are a central location on international sea and air routes; an excellent and well equipped port; and skill in commercial pursuits. The Government takes a lively interest in promoting economic development, and actively supports industrial development by providing liberal incentives to industry and adequate infrastructure facilities. These include several industrial estates of which the Jurong industrial park encompassing 17,000 acres is the largest.

A total of 234 firms had received benefits under the Government's incentives program at the end of 1967; these have a paid-up investment of $75 million of which 50 percent is foreign capital. About 159 of these firms were in production at the end of 1967, with an output for that year of $216 million as compared with $163 million by a smaller number of firms benefitting from incentives in the previous year. Production of benefiting firms was about 43 percent of total output in 1967 by all industries hiring 10 and more workers.

Financing for industrial development has come from the resources of local entrepreneurs; commercial banks; the lending facilities of the Economic Development Board; and from foreign, including U. S., firms which participate in Singapore enterprises on a wholly owned or joint venture basis. In order to accelerate industrial expansion, the Government recently terminated the facilities for financing new factories in the Economic Development Board and created the Development Bank of Singapore with joint capitalization by government and commercial banks.

The range of machinery and equipment which has figured in Singapore's manufacturing build-up in recent years is shown in a listing of manufacturing companies and the products they are making prepared by the Economic Development Board. This list incorporated in Appendix D, includes a wide variety of product items in these categories: food and beverages, textile and leather garments, wood and paper, rubber, chemical, petroleum, non-metalic minerals, metals and metal working, transport equipment and electrical.

A guide to the scope of machinery and equipment import requirements for new factories in Singapore in the years to come is provided in a listing of products regarded as feasible for manufacture in Singapore. This list, prepared by the Economic Development Board, is shown in Appendix D and names a wide range of products in the following categories: foodstuffs, including fish products and spices, textiles including garments, wood and paper including furniture, chemicals and pharmaceuticals, household wares, metal products, electrical goods including fans, motors, television sets and radios and surgical instruments.

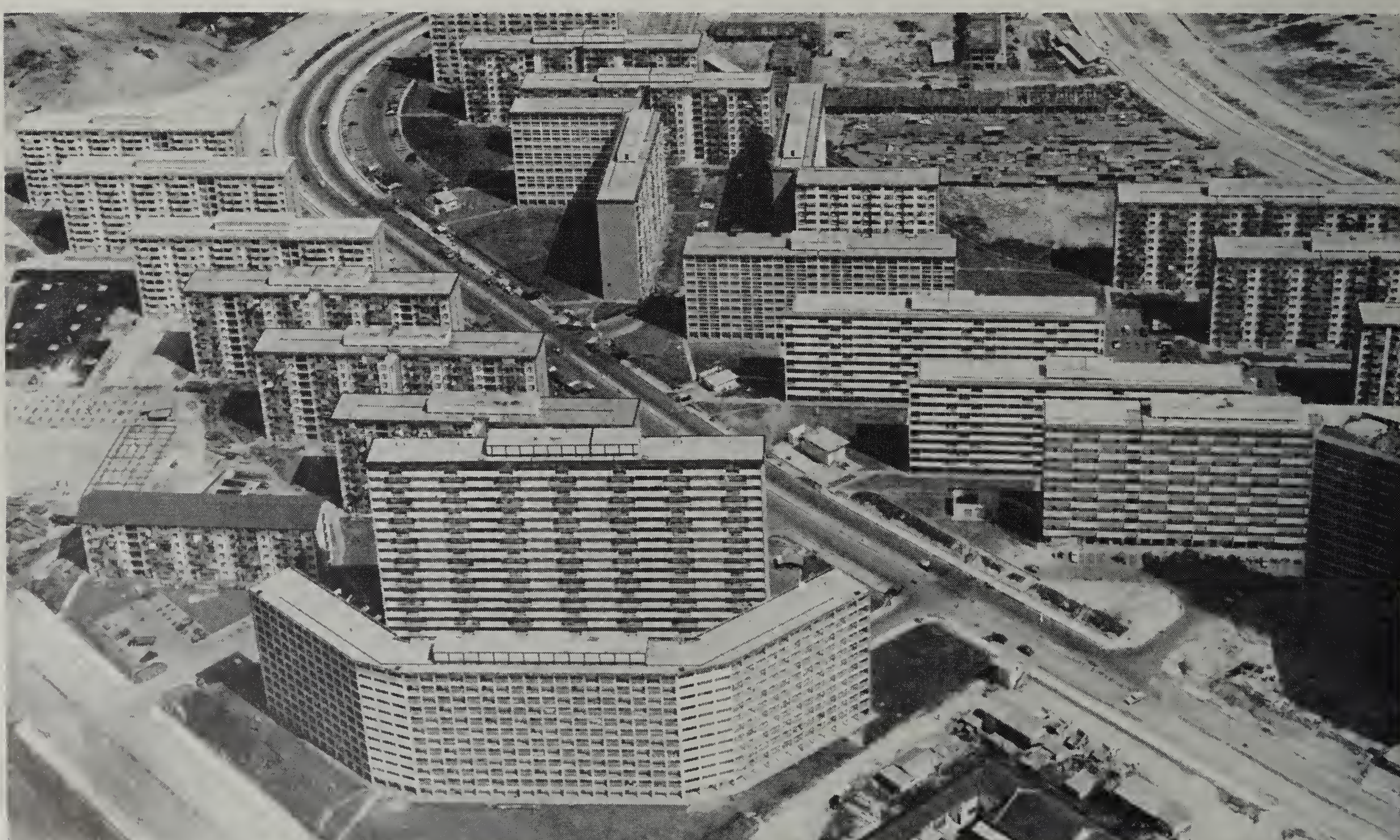
Manufacturers who are not subsidiaries or otherwise affiliated with foreign firms, are more likely to buy their equipment and supplies on the open market. Much of the manufacturing sector in Malaysia and Singapore is locally owned. However, a large part of the recent investment in manufacturing enterprises, probably about one half, is in joint ventures of foreign investors with local businessmen or in wholly owned subsidiaries of foreign firms. The management of these establishments is inclined to import plant requirements from compatriot foreign suppliers. This is not a firm procedure, however, and procurement of plant equipment and supplies by manufacturing establishments with foreign ownership is frequently on an international basis.

Although they enjoy equal opportunities in a large segment of the market for plant equipment and supplies, American suppliers are not performing in the market as effectively as other foreign suppliers. It is believed that with the exceptions noted above, U.S. suppliers can find good opportunities in selling to customers in the manufacturing sectors in Malaysia and Singapore, provided they are well represented in these markets and apply the key marketing factors discussed in Chapter VI.

CONSTRUCTION

The following information relates mainly to construction of buildings in the private and government sectors, and includes housing, hotels, office structures, hospitals and schools, and other public buildings. Government public works programs which emphasize project construction are discussed further in this chapter under the topic Government Procurement.

This housing project in Toa Payoh, Singapore, includes 8,000 flats and is typical of other projects presently underway and others that are planned totaling 130,000 units and housing 750,000 by 1970.



Progress in building and construction has been spectacular in Malaysia and Singapore. Contribution of the construction sector to the gross national product in West Malaysia was $53 million in 1960, or 3 percent, and became $120 million in 1965, or 5 percent of the total GNP. The annual rate of growth was almost 18 percent. In Singapore, construction accounted for $14 million in 1960, or 2 percent, and climbed to $43.7 million in 1965, or 4.5 percent. The annual growth rate was over 40 percent.

Rapid growth in construction is seen in the near future in both areas. This sector, under the First Malaysia Plan (1966-70), is expected to reach a value of $177 million in the GNP, or an annual growth of 8 percent. Allocation of public funds for housing alone amounts to $62.7 million during the development plan period as compared with $28.9 million in the previous 5-year plan, or an increase of about 116 percent. A spending provision of $37.5 million for new hospitals accounts for another major part of the construction program. No figures are available to show construction plans in the private sector, but loans of $31.2 million in 1966 and $47.5 million in 1967 by commercial banks for construction indicate a sizable and growing program.

In Singapore, the Government's Five Year Plan (1966-70) for construction is aimed primarily at housing for which the Plan target is $101.6 million. This is almost 16 percent of total public development expenditures for the Plan period. The bulk of this proposed outlay is for the continuance of Singapore's low-cost subsidized housing in the form of high-rise residential flats.

The total private sector outlay for construction amounted to $21.6 million during the 12 months ending July 1968, or an increase of 27.2 percent over the previous 12 months period. Extensive new private construction is now in evidence, and increased activity is indicated in the near future in the construction of office buildings, luxury hotels and apartment houses, warehouses, other commercial buildings and private dwellings.

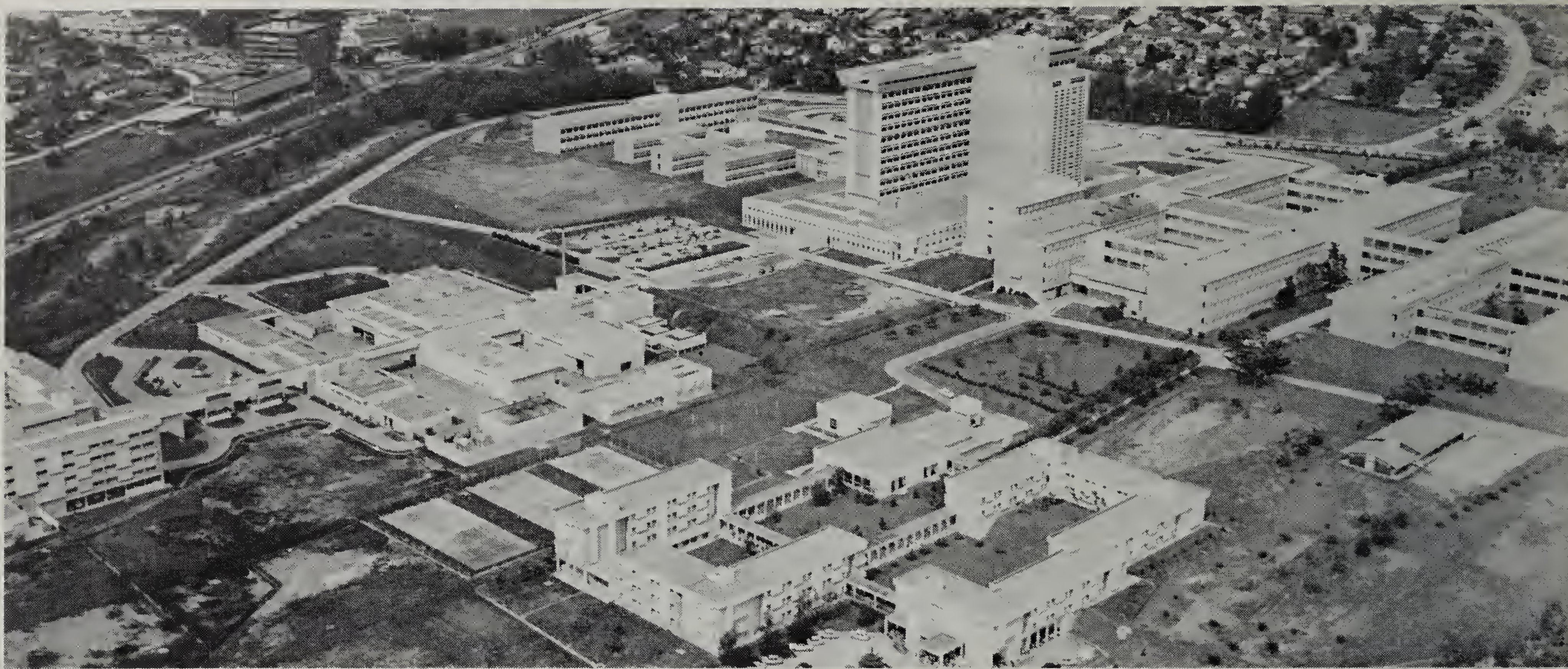
As a counter-recession measure in anticipation of the withdrawal of British military forces and facilities, the Singapore Government is implementing a program to stimulate private investment in construction of tourist hotels and encourage private enterprise to undertake essential city re-building with Government loans, guarantees and equity participation. A sum of $20 million has been allocated for this program in which the Government will encourage private firms to rebuild slum buildings by subsidizing them through the mortgage period at reduced interest rates ranging from 2½ to 4 percent.

The most important private sector building projects in Singapore to take place during 1967-70 are concentrated in the so-called "Golden Gateway" to Singapore urban renewal program. The Singapore Government, which initiated this program, will use a large part of its multi-million dollar economic development budget, discussed in the section on Government Procurement, for the levelling of a 1,500-acre old city area and equipping it with essential infrastructure facilities. The project, to be developed in a series of 14 planned sites, will include private enterprise. Private developers were invited in mid-1967 to bid for lease rights to build this new addition to the Singapore skyline.

Malaysia and Singapore are capable of producing an important segment of the building materials needed by the construction industry. This capability ranges from almost total self-sufficiency in cement, crushed rock, bricks, roofing materials including ceramic and asbestos tile, sawmill products including plywood, parquet and other hardwood flooring, and paints, to a major reliance on local production for the more common structural steel such as steel bars and rounds, architectural metal products, and window glass. There is also considerable local production of interior furnishings including office and household furniture and ceramic and steel sinks and water closet equipment.

Both areas depend upon imports for all or a large part of the requirements for the hardware, equipment, implements and furnishings needed by the construction industry. These include earthmoving equipment, hoisting machinery including lift cranes and winches, plumbing wares and equipment including sinks and other sanitary fittings, pipes including soil and interior, locksmith wares including hasps, hinges and metal fittings, passenger and vehicle elevators, refrigeration and air conditioning equipment, concrete mixers, builders tools including wheel barrows, telephone apparatus and cables, lamps and lighting fixtures, office and household furniture, and flooring material.

American suppliers have a significant share of the market in earthmoving equipment, hoisting machinery, elevators and refrigeration and air conditioning equipment. In the following there are small but significant U.S. sales, though there appear to be good prospects for more substantial market penetration: plumbing wares and equipment, locksmith wares, builders' tools and telephone equipment. U.S. lighting fixtures would probably sell in these markets if they were modified to meet the local electricity and installation requirements.



This is the new University of Malaysia Hospital near Kuala Lumpur with the suburb of Petaling Jaya visible in the background. The Government's current Five Year Plan earmarks $25 million for community services.

These markets are now highly competitive in furniture and wire and cable which are being increasingly supplied by local facilities.

GOVERNMENT PROCUREMENT

The role assumed by the national governments of Malaysia and Singapore in providing services and infrastructure facilities is considerable, and they are therefore important customers of imported producer equipment for use in the maintenance and construction of public projects.

The development objectives of Malaysia in the Plan for 1966-70 were estimated in a mid-term revision to cost $1,613 million, or an annual average of $338 million. The Plan is now in its fourth year and the performance record at the end of the third year (1968) indicates that less than one half of the amount earmarked for development projects had been spent. The Plan targets stated for the following categories are also mid-term revisions.

Among the Malaysian Government's major development projects, in which large purchases of foreign equipment are being made, is the expansion program of the National Electricity Board. A sum of $183 million was projected for this program, much of which would finance the purchase of imported equipment including hydro-electric and thermal generating equipment, power transformers, and conductor cable.

Extensive irrigation projects of the Drainage and Irrigation Department of the Ministry of Agriculture and Cooperatives for all of Malaysia in the Plan period was projected to cost $117 million. A substantial part of this sum would go for the Muda River Irrigation Project which is estimated to cost $83.1 million, and for which an IBRD loan of $45 million has been obtained. Foreign exchange requirements for this project are estimated at $35.7 million which will finance imports of a variety of equipment including trucks and jeeps, excavators (dragline), tractors (crawler, bulldozer, loader, etc.), portable welding equipment, portable compressors, dredging equipment, mobile cranes, air tools, pile drivers, water pumps, rock crushers, concrete mixers and electric generators.

A major economic development activity in Malaysia is the reclamation of land for new farm sites undertaken by the Land Development Authority of the Ministry of National and Rural Development, at an estimated cost of $131 million during the Plan period. Under this program, an American firm is presently conducting a feasibility study of a major land development program in central West Malaysia. A substantial part of the proposed outlay will be spent for imports of excavating equipment and other capital goods for water and sewer projects.

Transport development projects are projected in the Plan to cost $235 million. An outlay of $144 million is earmarked for roads and bridges; port development, $48.4 million; the modernization of railway equipment, $22 million; and civil aviation projects, $21.4 million. Projects contemplated, some of which are under way, include the purchase of imported locomotives, rolling stock and signalling equipment for the Malayan Railway Administration; telecommunications equipment, navigational aids and control tower equipment for the Civilian Aviation Department; and small marine craft and telecom equipment for the Marine Department.

A new study is under way for an East-West highway across the northern part of the peninsula, an Australian government grant of $4.8 million will be used for construction of an East-West highway in Sabah which will link Kota Kinabalu with Sandakan. Highway construction will require imports of excavation and other road building equipment.

Major expansion of port facilities will take place at Port Swettenham, to begin in the second half of 1969, at a cost of $19.3 million. Port expansion is also planned in Kuching, Kota Kinabalu and Sandakan in East Malaysia, and tenders were announced in January 1969 for feasibility studies of port expansion requirements in the latter two port cities with funds from the United States regional economic development program of the Agency for International Development.

Implementation of plans for two new water supply projects, costing an estimated $81.5 million, was begun in 1968 when the Malaysian Government obtained two loans to finance the foreign exchange requirements. One loan of $3.6 million from the World Bank, is to expand the water supply in Kuala Lumpur, and another of $7.2 million from the Asian Development Bank, is for a water project in Penang. Both projects will require imported equipment for excavation work and the installation of pumping stations, pumps, water mains, and water treatment and filtration facilities.

The Plan target for telecommunications development is $58 million. An important project was started in 1968 under a $4.4 million World Bank loan which will help meet a foreign exchange requirement of $25 million, some of which has already been obtained bilaterally from several foreign countries. Imported equipment needs consist of all of the local and long distance network equipment, including telephone instruments and telex apparatus.

The Ministry of Defense has a relatively new program to organize and equip the Malaysian defense forces at a cost of $200 million during the development plan period. The program will require purchases of imported vehicles and spares, aircraft and parts, vessels, and radio communications equipment. The equipment budget for the Royal Malaysian Police is $13 million, much of which will be spent for imported launches, vehicles, arms and ammunition and telecommunications equipment. The Ministry of Information and Broadcasting plans to spend $16.1 million for the expansion of radio facilities, which will require imported transmitting equipment. The Ministry of Health has a substantial budget for expansion and construction of hospitals and health clinics which will require imported medical, surgical, and dental equipment and supplies.

The Singapore economic development plan (1966-70) includes several proposals for project construction and services development for which significant quantities of imported producer goods will be needed. The major projects and the amounts budgeted are discussed here and also listed in Appendix B.

The exact expenditures for local products and services and imported capital goods cannot be calculated; however it is expected that substantial quantities of imported products will be required.

The largest of these projects is being undertaken by the National Development Division and involves an expenditure of $46 million for various building construction, land reclamation and urban redevelopment projects. Also identified with this program are the projected 14 construction sites comprising the "Golden Gateway" to Singapore development on which private enterprise has already started building activities as reported in the section of this chapter entitled "Construction."

Planning additional measures to offset the economic loss of the British withdrawal of forces, the Singapore Government has proposed modification of its development plan to include a substantial expansion of its public works program. A sum of $133 million has been proposed for accelerated development in the public sector which will include a rapid program of urban renewal, opening of new industrial sites, improving the road network, land reclamation and improving the water supply.

These projects will require the usual producer equipment, largely imported, consisting of excavating and leveling machinery, air conditioning and elevator equipment, and building hardware.

Other government programs in the Five Year Plan which will require major imports of earthmoving equipment are drainage and flood control projects to cost $5.1 million; road and bridge construction to cost $15 million; and sewerage facility installation to cost $18.3 million.

Among the larger of the government programs is the expansion of defense facilities at a proposed estimated cost of $16 million. (An additional $100 million has been proposed which will be spent largely in Singapore for expanded forces and for local services and supplies.) Procurement of foreign goods will include motor vehicles and parts and arms and ammunition.

Expenditures for public health projects are estimated at $3.1 million and will include $1.7 million for a refuse disposal plant and $700,000 for vehicles. Projects of the telecommunications department are estimated at $6.9 million and include the purchase and installation of telegraph and radio transmitting facilities and trunk and junction equipment; and $3.7 million for the installation of the Southeast Asia Commonwealth Communications System (SEACOM). The Broadcasting Division of the Office of Culture and Social Affairs plans to spend $2.4 million for a permanent television center and the improvement of television and broadcasting services.

Government agencies are obligated to initiate procurement transactions by inviting suppliers to submit tenders within standards and specifications stated in the bid invitations. In the case of procurement financed by international lending institutions, tendering must be on an international basis. The International Bank for Rehabilitation and Development has loans outstanding totaling $88.7 million to finance infrastructure in these countries.

Procurement by government agencies is sometimes financed on a bilateral basis by private foreign banks and by national export financing institutions. In these cases, the international tendering procedure is followed, and suppliers submitting bids initiate the arrangements for financing. For example, the Malayan Railway Administration has purchased locomotives from Japanese suppliers for which financing assistance was provided by Japan's Export Import Bank. Credit for a recent purchase by the Malaysia Singapore Airline of commercial jet aircraft from a U.S. producer is being provided by the U.S. Export Import Bank.

Government procurement comprises buying for the immediate end use by government agencies, and by contracting firms undertaking projects for the government which involves them as immediate users. Examples of the former are locomotives and airplanes for direct use by the railway and airline services. Examples of the latter are multi-purpose projects undertaken by the National Electricity Board for dam construction and expansion of power producing and distributing facilities, and the projects of the Federal Land Development Authority to develop virgin land areas into small farm settlements. Procurement of equipment for the latter projects, e.g., excavating equipment, power generating and distribution equipment, is by the service firms which are awarded engineering and construction contracts by the government.

MARKET FOR TECHNICAL SERVICES

Foreign consulting and engineering firms are frequently called on for technical assistance in the preparation of plans and specifications for many government projects in Malaysia and Singapore. When responding firms are oriented to American standards and equipment, U.S. suppliers of the equipment needed for these projects may have an advantage over their competitors. The same circumstances may work against U.S. suppliers when foreign firms are engaged to provide the necessary technical assistance.

It continues to be apparent that custom and familiarity with the performance of British firms long established in Malaysia and Singapore frequently result in the award of contracts for technical services to these firms. Other factors in their favor are the local requirement that resident consulting engineers be trained in British or Commonwealth colleges, and the application of British standards in engineering and equipment requirements for which specifications are often prepared by British technicians who are serving in positions of procurement responsibility in Malaysian and Singapore Government Bureaus.

Nevertheless, penetration of the engineering and construction services market by non-British firms granted case by case exemption from the education requirement, has taken place, and a greater degree of open competition is expected in the future. A West German firm has the engineering and construction contract for the development of port facilities in Butterworth, an extension of the Port of Penang. A Japanese firm has a contract from the Drainage and Irrigation Department for the construction of a part of the Muda River irrigation project. American firms have participated with British companies in several major development projects which included the construction of the international airport in Malaysia. Also, a feasibility study of a major land development project in central Malaysia is being undertaken by an American firm.

Foreign firms which stand the best chance of competing for government contracts to supply technical services and equipment are those which provide maximum technical advice and assistance in advance of a tender invitation, and when responding to bid invitations. Successful bidders have found that it pays to provide advance missionary services, and that in addition to having competent representation in these markets, it is often desirable to make technicians available by frequent visits from the home or a regional office.

CONSUMER GOODS

The market sectors discussed thus far refer mostly to the market for producer goods in Malaysia and Singapore. Some coverage is given to the major consumer requirements in Malaysia, but less is said about these demands in Singapore. This section identifies several of the more important home consumer groups in both areas, and gives some background on their capacity to buy imported consumer goods.

One of the largest consumer groups in West Malaysia comprises the employees in the trades and services, which numbered 429,000 in 1965. This group is expected to grow at an annual rate of 3.4 percent to a total of over 500,000 in 1970. The per capita annual income of this group is nearly $800. An important segment of this group receives a considerably higher income. For example, a chief clerk in a bank receives between $1200 and $1500; salesmen in the leading trading companies receive a range of from $2000 to $3000; while the management and executive personnel of many commercial establishments receive salaries in the range of $4000 to $5000. Included in the latter salary range are almost 2000 doctors and dentists in West Malaysia alone.

Another major consumer group comprises government personnel which includes the defense forces, school teachers and employees of the service agencies operated by the government, e.g., telecommunications, railroads and electric power. This group numbered 257,000 in 1965, and it is estimated that national government employment will increase to 460,000 in 1970, or at an annual rate of 4 percent. Total income of this group in 1967 was $176.7 million, or a per capita income of $635.

This is lower than in the private manufacturing sector ($710), but amenities granted to federal employees are more generous than in the private sectors and include free housing and medical services.

Individual prosperity in Singapore is the highest in Asia, except Japan, and income is more widely and evenly dispersed. Agriculture, usually a low-income sector in Asia, is very limited in Singapore. Thus the bulk of the working population is made up of laborers, clerks and technicians whose average income was about $733 in 1966. The per capita income of Singapore Government employees is $721. The general wage and salary scale is higher than for most Asian countries, and higher than in Malaysia where the per capita annual income in government is $635.

Total personal income of the 541,700 persons employed in Singapore in 1966 is estimated at $397.4 million. There is some degree of income variation from one economic sector to another which is explained by the need for a higher level of technical and professional competence in some sectors. The highest earnings are $113 million in the services sector where the per capita income is $612. Income in commerce activities was $94.3 million, or a per capita income of $807. The third ranking personal income is in manufacturing which amounted to $81.8 million, or a per capita income of $770.

While the per capita consumption of imported consumer goods is slightly higher in Singapore than in Malaysia, the range of products imported is about the same in both areas. American suppliers are less successful in the sale of consumer goods than producer products in these countries, but substantial sales are made in a limited range of products, and there is a good potential for increasing the volume and range. Sales by U.S. exporters in both areas were in excess of $1 million in 1967 in each of several food categories, e.g., canned milk, wheat, fresh fruits and nuts and preserved fruit. U.S. sales were also substantial in dried fruit, canned meats and miscellaneous food preparations including soups.

Other American consumer goods are well received by Malaysia and Singapore customers whose imports from the United States in 1967 included air conditioners valued at $3.4 million, refrigerators, $500,000, cosmetics and perfumes, $1.6 million; paper products, $1.9 million, clothing and accessories, $1.7 million, recording equipment and tapes, $1 million, printed books, $1.5 million and toys and games, $1.1 million. For more detailed information on U.S. consumer products sales in these countries, see Chapter IX, The Market for Consumer Goods.

Having the second highest individual income in Asia, next to Japan, Singaporeans have made the best showing as customers for consumer goods, particularly imported goods. A household and personal possessions survey made in several Far Eastern cities in 1964 shows Singapore families to be well ahead in the ownership of several major consumer items which indicates an income level that leaves a surplus for spending on consumer conveniences.

In a comparison of Singapore family ownership of certain important consumer products with family ownership in five other Far Eastern cities (Bangkok, Manila, Hong Kong, Taipei and Seoul), Singapore families owned more of the following items, shown with ownership percentages: autos, 31; transistor radios, 58; television sets, 45; home typewriters, 29; electric and gas ranges, 43; and refrigerators, 52. The percentage of family ownership of autos, motor scooters and cooking ranges is larger in Singapore than in Tokyo.

There is further evidence of surplus personal income in the savings performance of Singaporeans. As of November 1967, a total of 259,928 persons, mostly salary and wage earners, out of a total employed population of 541,700 (1966), held $12.2 million in postal savings deposits. At the same time, individual savings deposits in commercial banks, which include substantial deposits by affluent entrepreneurs and investors, amounted to $95.1 million.

CHAPTER ***VIII***

The Market for Producer Goods

Best prospects for increased sales by U.S. exporters in Malaysia and Singapore are in producer goods. U.S. sales are the largest in this category and constitute an important share of the market. Recent sales by U.S. exporters also have shown the most gains in this group. Since these goods figure heavily in government development plans and in private sector expansion as well, imports are proceeding at a faster rate than purchases of consumer goods. For example, imports into West Malaysia of producer goods during 1960-66 increased at an annual rate of about 10 percent, while imports of consumer goods rose at an annual rate of less than 3 percent.

There is a considerable segment of the market which is openly competitive to all exporters, as contrasted with some areas where traditional supplier ties are more rigidly maintained. There are signs that the range of products marketable in open competition will gradually become broader. It is believed, therefore, that American suppliers can find increased opportunities for sales if they pursue these markets with skill and determination.

The best potential for increased sales of U.S. producer goods in Malaysia and Singapore is in some of the product categories listed in the following tables designated Group I and Group II. These tables show total imports into both market areas during 1967, and the U.S. share of the market. The first group comprises items in which U.S. sales were $1 million and over, and averaged 29 percent of total imports which amounted to $143 million. The second group includes items in which U.S. sales ranged from approximately $200,000 to $1 million, and averaged 8.6 percent of total imports of $63 million.

GROUP I

Selected Imports Into West Malaysia and Singapore in which Imports from the United States were Over $1 million—1967

(Thousands of U.S. Dollars)

Items	Total Imports	Imports From United States	Percent From United States
Excavating, levelling and boring machinery	26,973	10,721	40
Motor vehicle parts	26,018	3,732	14
Piston engines	18,471	5,677	31
Tractors for trailers	11,389	4,803	42
Telecommunications equipment	10,594	2,585	24
Pumps and centrifuges	10,201	1,844	18
Pesticides and wood preservatives	9,300	1,228	13
Materials handling equipment	7,397	1,224	17
Anti-knock preparations	5,873	2,010	34
Industrial air conditioners	5,873	1,052	18
Kraft paper board	5,665	3,261	58
Machinery, parts and accessories	5,588	1,288	23
Total	143,542	39,425	29

Source: The above figures have been supplied by the Department of Statistics in Kuala Lumpur, Malaysia, and a similar agency in Singapore.

GROUP II

Selected Imports Into West Malaysia and Singapore in which Imports from the United States were less than $1 million—1967

(Thousands of U.S. Dollars)

Items	Total Imports	Imports From United States	Percent From United States
Electrical power machinery and switchgear	23,063	920	4.0
Aircraft engines and parts	7,843	395	5.0
Hand tools	6,208	267	4.3
Auto electrical equipment	3,959	623	16.0
Printing and binding machines	3,201	271	8.5
Steel and copper nails and bolts	3,221	314	9.8
Accounting and computing equipment	3,055	682	22.7
Synthetic perfume and flavor materials	2,855	405	14.0
Farm tractors	2,799	188	6.7
Office duplicating and addressing machines	2,470	198	8.0
Soldering rods	1,566	328	21.0
Packaging and filling machinery	1,443	440	30.6
Agricultural machinery	1,358	379	28.0
Total	63,041	5,410	8.6

Source: The above figures have been supplied by the Department of Statistics in Kuala Lumpur, Malaysia, and a similar agency in Singapore.

Important factors in the outstanding success in these markets of U.S. exporters of products in Group I are: a demand large enough to warrant a determined marketing effort, a world-wide reputation for quality and performance, and promotion through advertising in mass media and trade journals which have international circulation.

Since these are highly competitive markets for producer goods, the success of U.S. suppliers may be additionally attributed to their thorough approach to all aspects of marketing. They have selected competent agents and distributors for their products, and given them full support in every respect including financing. Also, they have maintained close liaison with their representatives through visits by company officials from plant headquarters or regional offices, and have provided them with necessary information and services regarding their products and assistance in selling which has included training of salesmen. Finally, they have provided their representatives with technical assistance in identification of customer requirements and after-sales services including the training of operators of equipment and maintenance of equipment and spares inventories.

Import demands for most of the items in Group I have risen rapidly in recent years and will continue to grow at a fast rate in future years. U.S. exporters already in these markets can hope to share in supplying the increasing demands, and possibly raise their market shares. Obviously, new U.S. participants in the producer goods market in which the U.S. share is considerable, will be competing with other American suppliers of similar products. However, they may develop sales for products which have been neglected by their colleagues. In addition, there is frequently room for technical and quality improvements in equipment which may displace what is now offered in these markets.

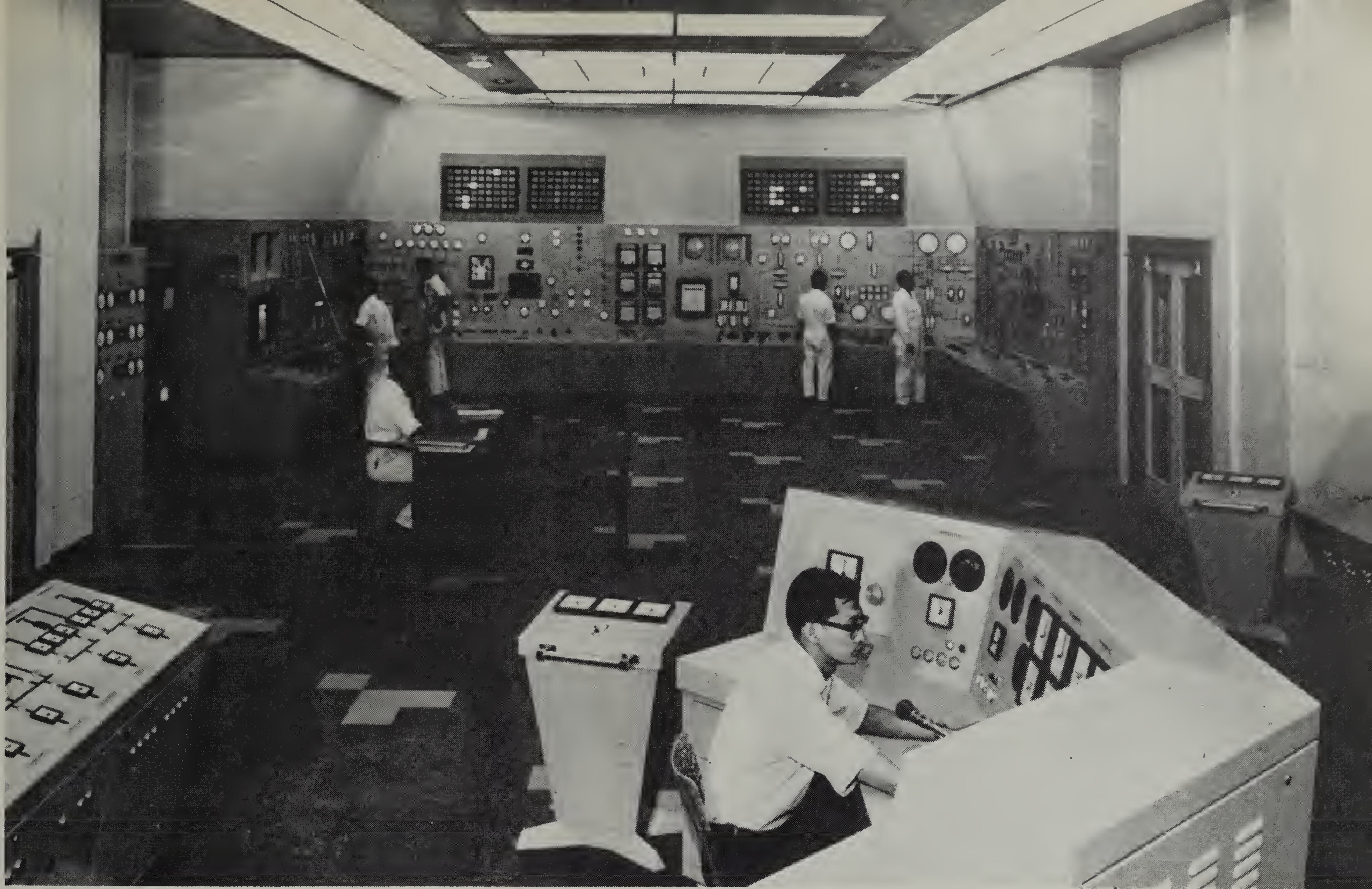
The U.S. exporters' share of the Malaysia/Singapore markets in the sale of products listed in Group II in 1967 averaged over 8 percent and ranged from 4 percent in electrical power equipment to 30 percent in packaging and filling machinery. Import requirements will rise steadily in coming years, and displacement by local production is not likely for some time. Even though the competition is keen in this group of products, and in some cases third country suppliers tend to be favored, there are good sales prospects for new U.S. exporters in most of these products, and for increased sales by those already in the market.

BEST U. S. SALES PROSPECTS

The following comments relate to the market potential in Malaysia and Singapore for selected categories of producer goods. All of these product categories are listed in the tables designated Group I and Group II. Trade figures showing imports of these categories into Malaysia and Singapore separately, and amounts brought in from principal supplying countries are given in Tables 23 and 24 in Appendix C. The broader aspects of the producer goods market are discussed in Chapter VII which describes present and future activities in agriculture, mining, forestry, manufacturing, public works and other sectors of the economies of these countries.

MATERIALS HANDLING EQUIPMENT

Import needs are chiefly hoisting machinery, including lift cranes and winches; jacks, pulleys and tackles; belt conveyors and other loading and handling



The control room of Singapore's thermal power station represents part of the $8.6 million market in both Malaysia and Singapore for measuring and controlling equipment.

machinery; self-propelled tractors and fork lift trucks. All of the substantial needs for this equipment are imported. In 1967, imports into West Malaysia were $3.9 million, and into Singapore, $3.5 million. Present expansion plans for government infrastructure, and the growth prospects in manufacturing indicate that the recent brisk demand for this equipment should continue and probably accelerate.

Port development projects of the Malaysian Government for which this equipment is needed include a new port in Butterworth on the mainland opposite Penang which will comprise six new berths by 1971 at a cost of $16 million; the reconstruction of two berths and addition of two berths at Port Swettenham to cost $9 million; and port expansion and new development in East Malaysian ports to cost $10.4 million. All existing port facilities can expect a continuation of the rapid rate of increased freight traffic which has taken place in recent years. A moderate expansion of cargo handling at existing airports may also be expected.

In Singapore, new port development projects are being financed by a $15 million World Bank loan. These include replacement of transit sheds and construction of additional storage space, including a single warehouse measuring 780 by 120 feet. Considerable buying of fork lift trucks and other cargo handling equipment has taken place; more is contemplated. Good demand for this equipment has resulted from the current construction in Singapore of wharfage facilities to accommodate containerized cargo. This project, begun in 1967 and scheduled for completion in 1971, comprises a 120-acre facility which will include container terminals, depots for loading and unloading, stocking areas, repair sheds and transit sheds.

While major requirements are in the government infrastructure sector, there are substantial demands in the private enterprise area, e.g., the booming construction industry, the expanding manufacturing industry, the continuing needs of the rubber plantations and tin mines, and the trucking industry. This equipment is also in considerable demand in the extensive warehouse operations of many trading companies.

Total imports into West Malaysia and Singapore of all types of materials handling equipment, and amounts from principal supplying countries during 1962, 1966 and 1967 are given on the following page.

	(In Thousands of U.S. Dollars) 1962	1966	1967
Into West Malaysia	2,012	3,939	3,898
From: United States	357	215	195
West Germany	103	303	638
United Kingdom	1,117	1,509	632
Japan	68	839	1,379
Into Singapore	2,637	7,997	3,499
From: United States	922	1,247	1,029
West Germany	43	2,146	237
United Kingdom	793	1,564	540
Japan	331	1,300	961

It is noted that annual imports into West Malaysia increased from 1962 to 1967 by 94 percent. Singapore's annual import requirements went up sharply in 1966 but moderated to a 33 percent rise in 1967.

Local imports and distribution of materials handling equipment are mostly in the hands of the larger trading firms which specialize in industrial equipment and engineering services. These show a great deal of initiative in cultivating the market. Sales are largely on an indent basis; inventories are minimal in equipment but are maintained in replacement parts. Government agencies are important customers, and their requirements are met to a great extent on an open competitive basis. However, some buying in Malaysia takes place on a preferred basis from United Kingdom suppliers. Almost 38 percent of West Malaysian imports were supplied from the United Kingdom in 1966. The U.K. share of the market dropped off in 1967, and the Japanese and West German shares improved.

Since government agencies are important customers, effective selling must include extensive advice and assistance in product identification, including specifications, during the early stages of procurement, with ample follow-up attention leading up to the procurement decision. Equipment performance and credit and payment terms loom large as factors in procurement decisions in the government sector. Price considerations are not ignored, but may be submerged in favor of the more important elements of conformity to specifications, and payment terms. When equipment suitability is equal among bidders, credit and payment terms may become determining factors in a purchase decision.

Sales by U.S. suppliers have been only nominal in Malaysia, with some slippage in recent years, but quite gratifying in Singapore. While the market in Malaysia is less openly competitive than in Singapore in government procurement, West German and Japanese suppliers have made good progress there. It is believed that U.S. exporters also have a chance of penetrating these markets in greater volume. Adequate representation, always a problem in thinner markets, is undoubtedly a problem here. But more U.S. suppliers are finding it possible to meet this problem by establishing a regional marketing base in Singapore.

PUMPS AND CENTRIFUGES

The demand in these markets is principally for rotary pumps for the open pit gravel pump tin mines; air compressors for the rubber processing industry; gas compressors for refrigeration equipment; centrifuges for the rubber and palm oil industries; rotary and centrifugal pumps for irrigation projects; industrial blower fans; liquid fuel pumps and parts for pumps and centrifuges.

The following are total imports into West Malaysia and Singapore of pumps and centrifuges, and amounts from principal source countries during 1962, 1966 and 1967:

	(In Thousands of U.S. Dollars) 1962	1966	1967
Into West Malaysia	3,174	6,658	5,519
From: United States	349	1,093	855
West Germany	198	744	2,059
United Kingdom	2,125	2,195	284
Japan	59	828	54
Into Singapore	2,211	4,908	4,681
From: United States	373	741	989
West Germany	143	178	204
United Kingdom	1,104	1,590	1,344
Japan	61	735	491

U.S. suppliers have been providing a full range of pump requirements in these markets, but their most important sales were in gas and air compressors and centrifugal and rotary pumps. British suppliers have made substantial sales in all pump categories, and have led in centrifuges and purifying apparatus and industrial blower fans. Japanese suppliers are strong in centrifugal and rotary pumps, air and gas pumps and industrial blower fans. It is understood that West German suppliers, who have made the most rapid gains in these markets in 1967 over the previous year, have competed mostly in the types being supplied by British and American exporters.

Most pump sales are made to end users by the large trading companies, but an important volume of sales are made by small and medium-sized firms. Most of the pump sales are made in open competition to end users who are mainly in the private sector. However, British suppliers represented mainly by British-owned trading companies continue to meet the pump requirements of a large segment of the rubber industry in which there is considerable British ownership. In addition, British suppliers are frequent sources of government procurement for irrigation projects in West Malaysia.

U.S. suppliers can deal successfully in the openly competitive market for pumps in the gravel pump sector of the tin mining industry, in which ownership and operation is primarily in local hands. In addition, sales are openly competitive in Singapore where buying is largely for reexport. It is felt that more effort to develop a high grade of representation and a more vigorous marketing campaign by American pump exporters in Singapore would result in considerably increased sales.

An important marketing problem in Singapore is that end users customarily procure pumps from distributors, who often are foreign owned and have longstanding agency relationships with British and European suppliers. Nevertheless, the markets in Malaysia and Singapore are becoming more openly competitive as shown by recently improved sales performance of suppliers in West Germany, Japan and the United States.

PISTON ENGINES AND PARTS

The principal import needs are marine diesel engines; stationary diesel engines ranging from 10 to 50 horsepower and over; gasoline engines including stationary, inboard and outboard marine, and engines for trucks; parts for diesel and gasoline engines. There is no local production of internal combustion engines and parts. All these products are therefore imported, and amounted in 1967 to $8 million in West Malaysia and $10.5 million in Singapore.

Principal uses for the larger diesel engines are for generating electricity on large rubber plantations, on the small rubber holdings, on the tin mining dredges and in the new industries which do not have access to the central electric power grid. The smaller diesel engines are used largely in the gravel pump tin mines in areas without access to the central electricity system. Other important customers are the saw mill owners in isolated areas who use diesel engines to generate electric power. Marine diesels and gasoline marine engines are purchased mainly by operators of small craft which operate in inland and coastal waters. There is some use of gasoline outboard marine engines for pleasure craft.

A portable crane loads rubber aboard a ship in Singapore. Both Singapore and Malaysia imported a total of $7.4 million worth of material handling equipment in 1967.

Total imports into West Malaysia and Singapore, and amounts from principal supplying countries during 1962, 1966 and 1967 are shown here.

(In Thousands of U.S. Dollars)

	1962	1966	1967
Into West Malaysia	7,084	9,392	7,954
From: United States	1,269	1,623	2,419
United Kingdom	3,549	4,166	2,716
Japan	870	1,419	941
West Germany	1,016	1,574	1,336
Into Singapore	6,497	10,682	10,497
From: United States	1,250	2,421	3,258
United Kingdom	2,616	3,601	2,692
Japan	749	912	1,144
West Germany	695	843	828

Imports into West Malaysia were up in 1966 over 1962 by 33 percent, but dropped off somewhat in 1967, while Singapore's imports in 1966 went up at a faster rate of 65 percent, and held to about the same level in 1967.

Import transactions are negotiated mainly by local trading firms which have machinery departments, and which have representation arrangements with foreign suppliers. These firms frequently indent orders for end users, particularly for large diesel engines, but maintain inventories of smaller units to expedite deliveries. Importers in Singapore order largely to fill reexport demands but also maintain stocks of smaller engines to facilitate deliveries to the Malaysian areas and to other nearby Asian countries.

American suppliers ranked first in selling to these markets in 1967 when their sales amounted to 30 percent of total imports of $18.5 million. The best U.S. sales were in stationary diesel engines in the larger horsepower types, marine diesels, outboard marine motors, and engine parts. Customers are almost entirely in the private sector where import procurement is openly competitive. Success in these markets usually depends more on product durability, performance and operating efficiency than on the price factor. American engines are favorably regarded in these markets, and U.S. suppliers who give constant attention to customer requirements and maintain effective liaison with their representatives and distributors can look forward to increased sales in a rapidly growing market.

Although demands are rising rapidly in both market areas, the best sales opportunities may be found in Singapore for reexport to Malaysia and to other Asian markets. These may be increasingly developed by American suppliers who plan sales campaigns in several market areas and serve them from a marketing center in Singapore. Since warehousing of smaller engines and parts is essential to successful regional marketing, distributors in Singapore expect appropriate support and financial assistance from foreign suppliers interested in regional selling.

MEASURING AND CONTROLLING INSTRUMENTS

The bulk of the present market is in a variety of meters and counters; drawing, calculating and measuring instruments; appliances to test physical properties; instruments to measure or control the flow of liquids or gas; and devices for physical or chemical analysis.

Principal end users are the expanding manufacturing enterprises, including food processing; the transport industry, for railway equipment, airport controls, and motor vehicle maintenance and repair including new installations in motor assembly plants; electrical energy and other utilities distribution systems; mining dredges; and rubber handling and processing.

The import requirements for these products are now substantial, and will rise at a rate commensurate with expansion in manufacturing, transportation and utilities, which are estimated to have an annual growth rate of 10 percent in the development plans of these countries. Manufacturing is not sufficiently advanced to attract suppliers of sophisticated automation devices and equipment. However, control panels in evidence in many factories and power plants in these areas indicate that profitable sales have been made of many types of control equipment. Increased demands are expected as new industrial facilities become established.

Recent examples of modern plant installations are a $10 million shipbuilding enterprise in Singapore which is a joint venture of the Singapore Government with a private Japanese firm, and which began operations in 1964; another smaller shipbuilding firm now under expansion, which is building small boats and has filled a large order for patrol craft; a third shipbuilding facility now under construction which will also concentrate on building smaller vessels and repair operations. In addition, Singapore is planning a government-owned and operated merchant fleet. Two large petroleum refineries are now in operation in Malaysia, three in Singapore, and a fourth will soon be constructed in Singapore.

Total imports into West Malaysia and Singapore of all types of measuring and controlling equipment, and amounts imported from principal source countries in 1962, 1966 and 1967 are shown here.

(In Thousands of U.S. Dollars)

	1962	1966	1967
Into West Malaysia	2,116	3,048	4,412
From: United States	164	272	493
United Kingdom	1,589	1,709	1,876
Japan	84	331	1,108
West Germany	73	165	192
Into Singapore	1,830	3,255	4,217
From: United States	232	478	635
United Kingdom	724	1,357	1,200
Japan	216	579	830
West Germany	252	205	376

Distribution is chiefly in the hands of the larger trading firms, particularly those having well established departments dealing in industrial equipment and auxiliary engineering services. Locally owned, medium-sized firms which deal exclusively in industrial machinery and equipment also have an important role in the marketing of industrial controlling equipment. British suppliers continue to dominate the market, and other firms, offering items already represented in the market, have to apply considerable effort to locate uncommitted and qualified distributors.

However, progress is being made in the market by other foreign suppliers. For example, Japanese suppliers, working mainly with local distributors, have increased their sales in West Malaysia from $84,000 in 1962 to $1.1 million in 1967, and have almost quadrupled sales in Singapore in the same period. West German suppliers have also found it possible to expand sales in both areas through local representation. American suppliers have advanced their annual sales in West Malaysia in this period from $164,000 to $493,000 and in Singapore from $232,000 to $635,000.

The market for these products which amounted to $8.6 million in 1967 as compared with $3.9 million in 1962, may be expected to rise significantly during the remainder of the five-year plan ending in 1970. The market is openly competitive, and U.S. suppliers have equal opportunities with other foreign suppliers to develop the market.

FOOD PROCESSING EQUIPMENT

A significant part of the anticipated expansion in manufacturing in Malaysia and Singapore will take place in the food processing industry which can take advantage of local and nearby food products. The Federal Industrial Development Authority (FIDA), which is Malaysia's official agency to promote manufacturing in the private sector, has included the following food processing activities among feasible manufacturing projects: starch processing and the production of dehydrated molasses, jams and jellies, pineapple bran and animal feed concentrates. A similar agency in Singapore, the Economic Development Board, sees growth prospects in new food processing industries including fish canning, production of fish meal and oil, processing of poultry including the utilization of by-products, the making of margarine, preserving of ginger, packaging of spices, and utilization of slaughter house waste products.

Imports of machinery and equipment for processing, packaging and canning food products in 1967 amounted to $1.4 million in Malaysia and $973,000 in Singapore. There is no local production of this type of machinery. Malaysia's annual imports rose by 186 percent in 1966 over 1962 and dropped off somewhat in 1967. Singapore's imports were up by 50 percent in 1967 over 1962. Singapore is believed to have prospects for faster growth in food processing, which indicates the level of imports for this equipment may be higher in Singapore in the years to come.

Total imports into West Malaysia and Singapore of food processing machinery, and amounts from principal sources during 1962, 1966 and 1967 are shown here.

(In Thousands of U.S. Dollars)

	1962	1966	1967
Into West Malaysia	748	2,143	1,382
From: United States	37	38	129
West Germany	118	127	184
United Kingdom	242	445	208
Japan	72	433	376
Into Singapore	652	863	973
From: United States	4	10	11
West Germany	44	343	85
United Kingdom	26	36	41
Japan	5	156	88

Customers are food producers who are planning plant expansion, or entrepreneurs who, often as a group, are planning to establish new producing facilities. Best access to these markets by foreign suppliers of food processing equipment is through representation by local distributors.

A typical transaction for procurement of plant equipment may involve several hundred thousand dollars, and is generally initiated by a potential customer who has decided to enlarge his plant or build a new one. He proceeds by requesting a local trading company to obtain offers to meet his requirements, or by notifying appropriate commercial officials in foreign embassies which represent industrial countries, or he may contact suppliers direct. In any case, a potential foreign supplier who is represented locally by a competent agent is in a favorable position as a prospective supplier, for the local agent has the earliest notice of the factory equipment sales opportunity. The agent may act in various ways to maintain customer interest, may expedite the flow of adequate technical and other information from the principal, and finally may provide the necessary after-sales services and replacement parts.

While a good local agent is vital in the sale of factory equipment in these markets, foreign suppliers making the best sales progress are those who are ready to provide their agents and potential customers with maximum sales support. Because the technical know-how of planning, installation and operation of plant equipment must be imported to a large degree, the supplier is expected to provide these as needed in the various stages of the transaction. Although much of this know-how may be transmitted to the potential customer via the agent, it is often necessary for the supplier to make it available through a sales-engineer in his home office or from a regional office.

A key factor in a decision to purchase factory equipment is frequently the attention given by the supplier in assisting the agent and customer to identify the requirement and provide information about the quality and performance of the equipment. Other important factors are credit and payment terms which often submerge the price factor in a buying decision.

American food processing equipment is believed to be competitive in Malaysia, provided it is designed to meet the generally smaller scale of operation needed. American equipment can be sold in these markets in substantially increasing amounts if the marketing factors referred to above are applied. The present small sales by U.S. suppliers are believed to be the consequence of failure to make the proper marketing effort; several local manufacturers have reported this to be the case.

HAND TOOLS

The tools sold in these markets include hacksaws and blades, bandsaws, pliers, pincers, hand files and rasps, wrenches, knives for machines, chisels, mauls and hammers, axes and other cutting tools, drilling equipment including braces and bits. There is some local production of the simpler tools such as hammers and axes, but the volume is small. Most of the requirements are therefore met from imports which in 1967 amounted to $3.7 million in West Malaysia and $2.9 million in Singapore.

Customers are mostly firms and individuals engaged in such pursuits as mining operations, forest product milling, rubber and palm oil production, metal working and repair in the many shops in the private and government sectors, and construction. Ownership of tools in homes for do-it-yourself purposes is not common.

The demand for tools in these areas will continue to rise in relation to anticipated progress in these activities. Annual imports into West Malaysia increased 84 percent in 1967 over 1962, and will probably continue to grow. Singapore imports relate to local requirements and to a demand for reexports to other countries in the region. There was a slight decline in Singapore imports in 1966, chiefly because of severed trade relations with Indonesia. These have been restored, and Singapore imports are expected to rise at an increasing rate in future years.

The following are total imports into West Malaysia and Singapore of tools, and amounts from principal sources during 1962, 1966 and 1967.

(In Thousands of U.S. Dollars)

	1962	1966	1967
Into West Malaysia	2,002	3,474	3,680
From: United States	380	160	119
West Germany	380	483	505
United Kingdom	780	856	592
Japan	166	416	462
Australia	41	108	68
Hong Kong	18	14	23
Into Singapore	2,876	2,679	2,861
From: United States	153	148	148
West Germany	541	449	450
United Kingdom	604	617	565
Japan	283	510	480
Communist China	35	306	376
Hong Kong	24	45	41

Distribution of hand tools in these markets is probably evenly divided between the large and the small to medium-size trading firms. (See Chapter IV. The Distribution System). Most of the local distributors maintain inventories since immediate delivery is an important factor in the competition for sales. The larger trading companies are the principal distributors to the large rubber plantations and tin mines, and provide a sizable portion of the requirements of the repair shops operated by the government-owned and operated railways, public roads, electric power facilities and the airline. Most of the hand tools required by the small rice and rubber planters and small construction firms are provided by retail outlets which are supplied by the import houses.

Competition is generally open, though some of the large foreign-owned trading companies tend to dominate sales to government agencies, and to agricultural and industrial enterprises owned by their compatriots. Extension of exporter credit to the smaller distributors available to handle lines of U.S. tools could be a competitive factor in this market. The price consideration is undoubtedly significant in selling tools, particularly to small retailers who serve small rice farmers and small industrial and construction firms. The quality factor is of greater importance in selling to government agencies, the large construction companies, the large rubber plantations and the tin mines.

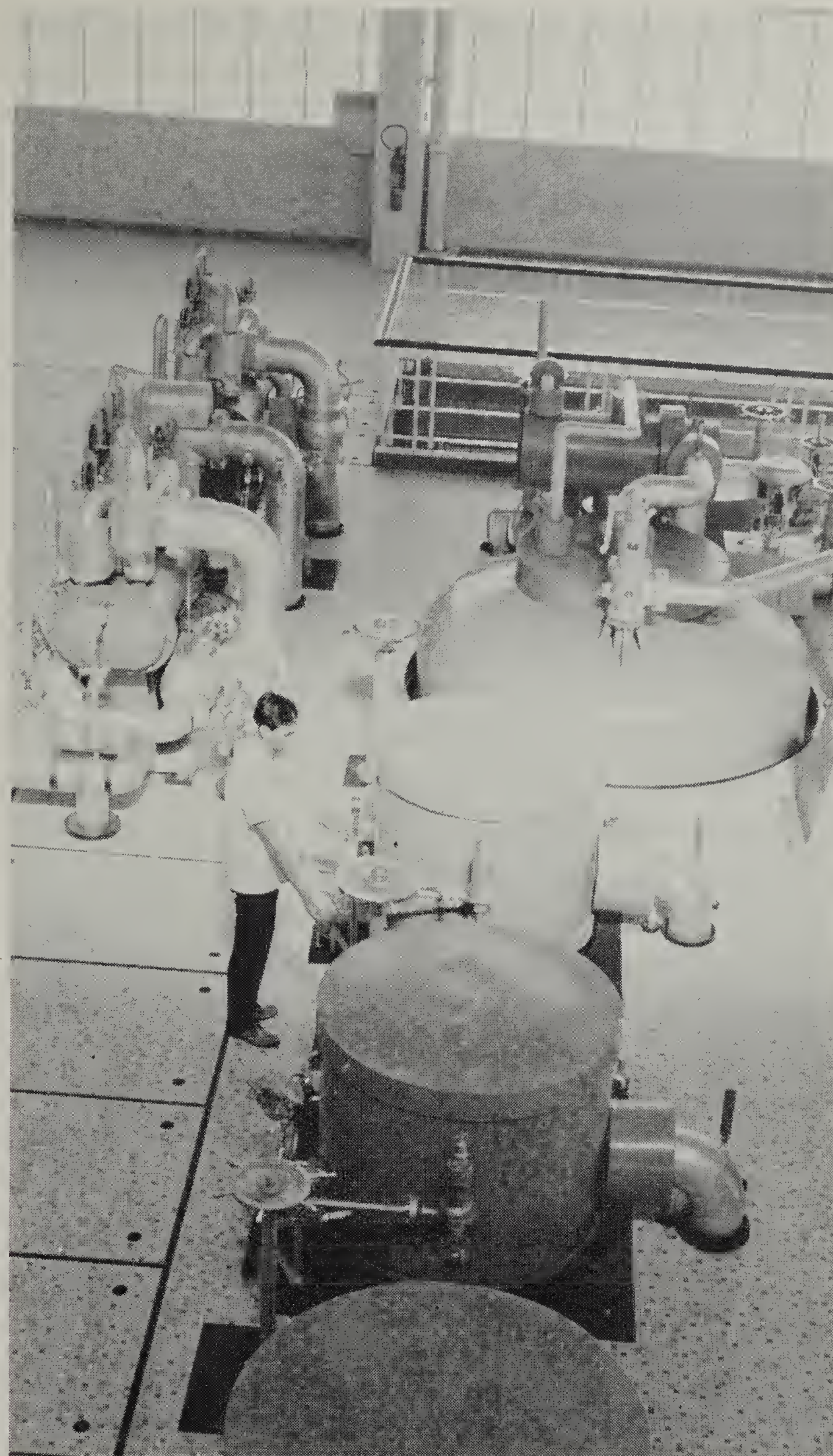
Present sales in these markets by American suppliers are not significant, though they include most of the types in demand. Also, American sales have declined in Malaysia since 1962, and have generally remained static in Singapore. American tools are competitive in these markets in a wide range of types, and it is believed that increased sales of U.S. tools are possible.

Many customers in these areas will continue to prefer low-priced tools without regard to quality. However, there is a brisk demand for quality tools available in the United States, and a growing awareness among customers in this $6.6 million market of the price/quality relationship. Many local customers continue to regard U.S. tools as generally higher-priced, but price disparity between tools offered by U.S. and other suppliers is generally not significant in tools of comparable quality. A selling approach which clears up this misconception would yield larger sales. Also, attention to exporter credit demands of local buyers who must stock to be competitive, would result in increased sales. Prospects for larger sales of quality tools are probably best among end users who are operators of the larger rubber estates, large construction companies, tin mines, repair shops of government-operated electric power facilities, the highway department, railways and the airline.

ELECTRIC POWER EQUIPMENT

There is a heavy demand for power generating and transmission equipment in the government-owned electric power industries in these countries, and a smaller but significant market in the private sector.

The ratio of electrical energy production by the three methods employed in the government plants in West Malaysia (thermal, diesel and hydro) is roughly 65:6:29. Equipment requirements in the government plants which account for about 90 percent of all electricity produced in West Malaysia include turbines for the hydro plants, turbo-alternators for the thermal installations, diesel generator sets, transformers, converters, rectifiers, reactors, inductors, transmission cables and conductors, and control equipment. Import requirements for mining and other private enterprises which are isolated from the Government's central facilities are mainly for diesel engine-powered generating units and related transmission equipment, and to a lesser extent, for hydro-powered equipment in the smaller capacities.



There is heavy demand for power generating and transmission equipment in the government-owned electric power industries in both Singapore and Malaysia. Here is the turbine hall at the Prai thermal power station in Malaysia.

Most of the plants producing electricity in Singapore, and new facilities under construction, are under government ownership and management, and employ the thermal method of generation. Import requirements for maintenance and expansion are therefore for equipment suitable for this type of plant. Production of electric power on a private basis is not significant since users in the small geographical area of Singapore usually have access to the power facilities operated by the government.

Imports of power generating equipment, switchgear and electrical motors into West Malaysia and Singapore in 1967 amounted to $23 million, or an average annual increase of more than 10 percent since 1962. Imports of insulated cable in 1967 amounted to $9.8 million as compared with $8.4 in 1962. A comparison of imports into West Malaysia and Singapore of power equipment, switchgear and insulated cables during 1962 and 1967, and amounts received from the principal supplying countries are shown in Tables 23 and 24 in Appendix C.

Total consumption of electricity in 1967 in West Malaysia of 2,303 million kwh was almost twice the consumption in 1962. The Malaysian 5-year plan envisions an expenditure of $195 million for expansion of power production facilities through 1970, and several projects financed by the World Bank are under way. The total volume of electricity sold in Singapore in 1967 was 1,238 million kwh as compared with 637 million kwh sold in 1962. The 1966-70 development plan in Singapore proposes expansion of electrical energy generating capacity by 60 percent, and several projects financed by the World Bank are under construction.

Although British suppliers, favored somewhat in these markets through long-established ties, have an important share of the market, they have lost some ground to other foreign suppliers. This suggests that there is an increasingly competitive marketing situation for these major imports for which financing is obtained from the World Bank whose operating procedures require competitive bidding on a world-wide basis.

While price and payment terms are important elements in the sale of electric power equipment, close attention by suppliers to the technical aspects of procurement and the services of local distributors who have technical competence in the power production field are often determining factors in a buying decision.

With U.S. sales of power equipment at almost $1 million in 1967, or 4 percent of total imports, it is believed that American suppliers may be able to increase their sales substantially in the years to come. The director of the National Electricity Board, the government agency which supplies most of West Malaysia's electricity requirements, has indicated an interest in wider international involvement in the sale of power equipment in Malaysia, and also stated that a better showing by American suppliers is both feasible and welcome.

MOTOR VEHICLE PARTS AND ELECTRICAL SYSTEMS

American exporters have made significant sales and have had a substantial share of total imports of products in this category in these markets in 1967. Imports of auto parts amounted to $26 million, of which American sales were 14 percent, and imports of auto electrical equipment amounted to almost $4 million, of which 16 percent came from the United States. Imports of this equipment are heavy in Singapore even though local requirements are considerably less than in Malaysia, because purchases are largely for reexport to other Asian countries, including Malaysia.

Demand growth has been brisk in recent years as indicated in motor vehicle registration statistics. In West Malaysia, registration of trucks in June 1968 was 47,200 and other motor vehicles except motorcycles, 260,700. The annual increase during the previous 5 years was 6 percent in trucks and about 9 percent in other vehicles. In Singapore, registration in June 1968 was 26,100 trucks and 126,300 other vehicles except motorcycles. Truck usage increased at an annual rate of about 10 percent since 1963, and other motor vehicle operation went up at an annual rate of more than 7 percent.

Direct sales of American-made passenger cars are small in these markets, but there is a considerable registration of U.S.-designed cars made in the United Kingdom, West Germany and Australia, including those assembled by an American motorcar company in Singapore. However, U.S. sales of auto parts and electrical systems are largely to fill the local demand for servicing tractor-trailers imported directly from U.S. suppliers whose sales in these markets in 1967 were $4.8 million, or 42 percent of total imports.

Increased sales opportunities are seen for U.S. suppliers in the expanding need for auto parts and electrical systems to service motor vehicles in Malaysia and Singapore. Also, U.S. exporters see new sales opportunities in Singapore involving the warehousing of parts by distributors to supply market requirements of other countries in the region.

Total imports separately into West Malaysia and Singapore during 1962 and 1967, and amounts imported from principal supplying sources, are shown in tables 23 and 24 in Appendix C.

FARM TRACTORS AND MACHINERY

There is an attractive market for farm tractors and machinery in Malaysia and Singapore in which U.S. suppliers have actively participated. Total imports in

1967 were over $4 million, and the U.S. share of the market was about 14 percent. The demand for this equipment increased about 37 percent in 1967 over 1962.

Purchases of farm tractors have been chiefly in the small units used mainly on the rubber and oil palm plantations. Other farm equipment used in Malaysia includes machines for spraying pesticides and for field cultivation.

The demand for farm tractors will continue to grow at a brisk rate in West Malaysia where imports have increased at an average annual rate of more than 13 percent in the past 5 years. In addition, there is a potential for marketing farm tractors in the coming years on the small rice farms where major government projects are under way to achieve double cropping and to up-date farming methods. New sales opportunities have been identified in the rice farming sector for grain drying and storage facilities and multi-purpose tractors, tailored for use on small farms, which can provide drawing and belt power for farm equipment and meet transport needs as well.

U.S. suppliers who are now competitive in meeting the import requirements for farm machinery can increase their sales in Malaysia and Singapore. American manufacturers of farm equipment capable of making design modifications to meet the new requirements on the rice farms, and willing to invest in market development activities, can look forward to profitable sales in these markets and in other Asian rice-growing countries.

Imports of farm tractors and farm machinery separately into West Malaysia and Singapore, and amounts from principal supplying countries are shown in Tables 23 and 24 in Appendix C.

PESTICIDES AND WOOD PRESERVATIVES

Principal import needs in these markets include insecticides, weed killing chemicals and wood preservatives. The important customers for pesticides in Malaysia are the rubber growers, particularly the large plantations which account for more than one half of Malaysia's very large rubber production. Other significant users are the growers of oil palm. Importers into Singapore buy principally to reexport to customers in Malaysia and in other nearby Asian markets. Large quantities of weed killing chemicals are needed to eradicate all plant life in the ground space occupied by rubber trees. Wood preservatives are purchased by operators of saw mills in the extensive saw milling enterprises located in Singapore and scattered throughout the forest areas of West and East Malaysia.

Use of pesticides in rubber growing is expected to keep pace with the moderate expansion seen for the rubber industry. Increased use is also seen in the rapidly expanding oil palm industry. However, substantial expansion of demand is predicted in the rice growing sector in Malaysia where the government is developing irrigation projects for double cropping, and introducing modern rice growing techniques. A rapid demand growth is also seen for wood preservatives in the saw milling and wood products industries which are acknowledged as having the best potential for development in Malaysia's rich forest areas.

The demand for these chemicals has risen at a spectacular rate during the past 5 years, and will continue to increase rapidly in the future. With all chemicals imported, imports more than doubled during the period 1962-67 reaching a total of $9.3 million. Sales by American suppliers in 1967 were about $1¼ million or 13 percent of all imports; these compare with sales of $380,000 or about 7½ percent in 1962. Principal supply sources were the United Kingdom with 34 percent of the market, and Japan with 30 percent. Imports from West Germany were about 10 percent of the market.

It is estimated that nearly one half of total imports into both areas in 1967 were insecticides of which 12 percent were from the United States, and about one fifth were weed killer chemicals of which 30 percent came from the United States. Imports of mosquito coils were about 20 percent and wood preservatives about 10 percent of total imports; none came from the United States.

Sales of these chemicals are increasingly subject to open competition; however, British trading companies representing British manufacturers have had a head start in supplying the large rubber estates whose production and sales activities they manage. American pesticides are of proven competitiveness in these markets, and good representation is available to American suppliers. It is believed that American exporters may be able to increase their sales to customers now using these chemicals. They may also share in supplying the expanded requirements of rice growers, provided they undertake appropriate market development programs jointly with their local distributors.

Imports of pesticides and wood preservatives separately into West Malaysia and Singapore, and amounts imported from principal source countries are shown in Tables 23 and 24 in Appendix C.

AIRCRAFT ENGINES AND PARTS

The size of the potential market for these products is indicated in the following information about the largely government-owned Malaysia Singapore Airlines, Ltd. (MSA) which serves both Malaysia and Singapore. The MSA fleet consists of five Comets, eight Fokker F-27's, six DC-3's, one Twin Pioneer and three Boeing 707's. The fleet will be expanded by five Boeing 737's scheduled for delivery in the second half of 1969. The airline operates domestically, and internationally in the Far East. During the year ended March 1967, a total of 7.4 million miles were flown by the fleet as compared with 6.8 million miles in the previous 12-months period.

Several small airplanes are owned by a firm which operates a chartered flight service in West and East Malaysia with connections in Singapore and Brunei. This service includes passenger flights, crop dusting and freight transport. In addition, a small but unknown number of aircraft are privately owned in Malaysia and Singapore.

With the beginning of deliveries in 1968 and completion in 1969 of orders placed by MSA for several Boeing passenger transport planes, a larger share of imports of aircraft engines and parts is seen for U.S. suppliers in the coming years. Total imports of engines and parts in 1967 were $7.8 million, of which almost $400,000 or 5 percent were purchased from American suppliers. Total imports into West Malaysia and Singapore during 1962 and 1967, and amounts purchased from the principal supplying countries may be seen in Tables 23 and 24 in Appendix C.

INDUSTRIAL AIR CONDITIONING EQUIPMENT

The demand for central air conditioning in government and private building construction has been growing rapidly in recent years. Temperature control facilities will soon be required in all new commercial and government buildings as they are required now in many office buildings, and hotels and apartment houses catering to middle and upper income residents.

The construction industry has expanded in value during the past several years at an average annual rate of 40 percent in Singapore and 18 percent in West Malaysia. (See Construction in Chapter VII.)

Imports of industrial air conditioning equipment were $5.9 million in 1967, increasing over 5 years at an average annual rate of 9 percent. U.S. sales of $1 million in 1967 were about 18 percent of total imports as compared with 12 percent in 1962.

Import requirements for industrial air conditioning equipment may be expected to reach a value of $20 million in 1970. American equipment which is competitive and well regarded in these markets, has good prospects for larger sales and an increased share of the market.

See Tables 23 and 24 in Appendix C for value of imports separately into West Malaysia and Singapore during 1962 and 1967, and amounts received from principal sources.

PRINTING AND BINDING MACHINERY

Printing and publishing, a thriving business in Malaysia and Singapore, purchased imported machinery and equipment in 1967 valued at $3.2 million. U.S. suppliers accounted for $271,000 or 8½ percent of these sales. Plant expansion and modernization of equipment in Singapore resulted in a 21 percent rise in imports of equipment from 1962 to 1967. Further growth in these activities may be expected in the future in both areas.

End users are private sector printing, publishing and bookbinding establishments and government offices. Import sales are made by local importer/distributor firms based mainly on representation arrangements with foreign suppliers. With import requirements expected to rise at a moderate rate, U.S. equipment, already competitive in these markets, can be sold in increasing volume through effective representation.

See Tables 23 and 24 in Appendix C for value of imports separately into West Malaysia and Singapore during 1962 and 1967, and amounts received from principal source countries.

CHAPTER IX

The Market for Consumer Goods

Malaysia and Singapore are good markets for imported consumer goods, as demand grows steadily, although in Malaysia, at a slower rate than for producer goods. Western suppliers are obviously not competitive in the entire range of consumer goods, since many of the important consumer items are available at a cost advantage from Asian sources. More than 90 percent of the foodstuffs imports valued at $208 million in 1967 were from nearby sources, including rice which constituted 26 percent of total food imports.

Suppliers in industrial countries dominate the markets for manufactured consumer goods, for which the demand is gradually rising. However, some inroads are being made on import sales by local production, especially in Malaysia, which is aimed primarily at import substitution. Production of all goods for domestic consumption grew at an annual rate of about 11 percent during 1962-67, while the gross national product increase was about 6 percent. Locally manufactured and assembled consumer items which have gained some ascendancy over imports include auto tires, motor fuels, textiles and clothing, soaps and detergents, canned milk, cigarettes, passenger autos, motor scooters, room air conditioners and other products of recently established industries. The Malaysia and Singapore Governments levy tariffs on most of these items to protect local production. Duties are usually moderate, and imports in many cases are not completely eliminated.

While Singapore industries are also producing consumer goods at an expanding rate as substitutes for imports, this area is a distribution center for many products which include an important volume of consumer goods. In 1967, retained imports amounted to $678 million, or 46 percent of total imports into Singapore; the balance were reexported. Therefore, imports into Singapore of consumer products will probably keep pace with the rapid growth of imports of producer goods.

Obviously, all of the 11 million people in Malaysia and Singapore are not equally good customers for imported consumer goods. A large part of rural population, particularly the rice farmers in West Malaysia, the country people in Sabah and Sarawak, and a portion of the Singapore population which lives in rural areas, are chiefly subsistence consumers. Their basic requirements for food, clothing, shelter and some minor conveniences are obtained from local resources, or from imports in which Western suppliers are not competitive, e.g., rice and cotton clothing.

The market for consumer goods, therefore, is found in ascending order of importance among the more prosperous Malaysian farmers on rubber and oil palm farms and plantations, the rising middle income workers in the tin mines, manufacturing and construction industries, members of the professions in private and government sectors, those employed in the extensive commercial activities in both countries, and among foreigners who reside in these areas pursuing the interests of their governments, international agencies, foundations, or private sector employers. Included in this group are a large number of British servicemen who are scheduled to depart from these areas when the United Kingdom closes its defense facilities.

Another important demand for consumer goods is from the many tourists who visit Singapore. Tourism is a rapidly growing activity in Singapore and a significant source of national income. Visitors come mainly from Far Eastern countries, and include a large number of U.S. servicemen stationed in the Far East. Tourists are drawn to the local shops by the wide range of consumer goods offered and the attractive prices made possible by duty-free entry and minimal price markups by retailers.

The U.S. exporter performance is more impressive in producer goods than in consumer goods in these markets. It is encouraging, however, that U.S. exporters are doing so well in several product lines, and have accounted for more than token representation in these markets for a considerable range of goods. Volume sales are being reported of U.S.-made room air conditioners, refrigerators, travel goods, toys and games (mostly playing cards), tapes and disks, cosmetics and toiletries, paper products, cigarettes, fresh and dried fruits, and cotton wearing apparel.

The relatively small participation by U.S. exporters in a large number of other categories of consumer goods may be attributed largely to extremely difficult competitive situations, in which the price factor is often paramount. However, there is ample evidence to suggest that U.S. exporters may not be taking advantage of an important competitive asset in selling consumer goods in these markets. Comments are frequently heard in trade circles in these countries that U.S. exporters are not capitalizing on the strong preference there for U.S. products and the growing number of affluent customers willing to pay premium prices for quality merchandise.

Importers with whom the market for consumer products was discussed said that they would welcome opportunities to represent U.S. suppliers in these markets. But they were careful to add that a successful representation arrangement would call for adequate support from the U.S. firm in such marketing elements as market programing, advertising and exporter credit.

The table on page 69 contains a listing of selected consumer products and product groups which represent a cross-section of important import requirements of West Malaysia and Singapore. The table shows total imports in 1967 into the two countries, and the amounts sold by American suppliers. See Appendix C, Tables 25 and 26 which show a comparison of imports during 1962 and 1967 into each of these countries and amounts imported from the United States and other principal sources. It is estimated that about 70 percent of the sales of U.S. consumer goods in these markets were made in the listed items. There may, however, be a good market potential in Malaysia and Singapore for other consumer items not listed.

It is impossible within the limited framework of this report to provide market analysis comments on a product by product basis. Consequently, market information is provided only for a selected group of products to give some insight into the demand factor, the origin of imports, and pertinent marketing factors. These comments, although not entirely applicable in marketing all consumer goods in these markets, may furnish some guidance in marketing many of the products not discussed in this chapter. Comments on the broader aspects of the market for consumer goods are included in the section entitled Consumer Goods in Chapter VII.

CANNED MEATS AND FISH

Canned and prepared meat and fish, originally imported mainly for consumption by foreign residents, are now widely consumed by the local population. Imports from the United States are chiefly canned meat and extracts; Communist China is an important source of canned meat specialties; and Japan is an important supplier of canned fish. The principal item in U.S. exports is meat-based infant foods; U.S. suppliers are weak in tinned meat and fish in which price is a key market factor. The best prospects for U.S. exporters appear to be specialty items which have an appeal that submerges price consideration.

FRUITS

The considerable import requirements for fresh, dried and preserved fruits, $12 million in 1967, are largely to satisfy the demands of the more affluent citizens and foreigners residing in these areas. Australia leads in supplying oranges and apples, and is an important source of grapes. Communist China is also a major source of these items, as well as pears, quinces, melon and pumpkin seeds and edible nuts. Major sources of dried and preserved fruits are communist China and Taiwan.

U.S. suppliers have about 10 percent of the fresh fruit market in oranges, apples and grapes; about 5 percent of the market for preserved fruits and account for about 28 percent of the dried fruits sales in these countries. There is a good potential for increased sales within the present customer range, which is con-

Imports of Selected Consumer Products Into West Malaysia and Singapore and Amounts Imported from the United States during 1967

(In Thousands of U.S. Dollars)

	Into West Malaysia		Into Singapore		Into Both Areas	
	Total	From US	Total	From US	Total	From US
Meat, canned & preparations	4,296	315	4,941	180	9,237	495
Milk, canned	16,153	627	11,242	391	27,395	1,018
Wheat	20,818	550	15,019	463	35,837	1,013
Wheat flour	195	68	426	22	621	90
Cereals and flour mixes	10,853	93	8,280	121	19,133	214
Fish, canned	3,313	6	4,622	82	7,935	88
Fruit & nuts, fresh	7,531	796	20,352	1,998	27,883	2,794
Fruit, dried	1,505	248	1,313	478	2,818	726
Fruit, preserved	3,016	320	20,406[a]	855	23,422	1,175
Vegetables, preserved	3,245	46	8,029	186	11,274	232
Sugar and honey	13,136	130	10,660	217	23,796	347
Animal feeds	15,906	141	26,762[b]	168	42,668	309
Food preparations, n.e.s.	2,641	378	2,889	618	5,530	996
Cigarettes & other tobacco mfrs.	3,275	1,277	7,850	2,640	11,125	3,917
Ginseng	546	204	2,036	1,132	2,582	1,336
Pharmaceuticals	817	23	1,056	47	1,873	70
Perfume & Cosmetics	3,188	516	8,055	1,090	11,243	1,606
Soaps	945	35	2,402	164	3,347	199
Washing preparations	695	132	1,703	58	2,398	190
Hunting and sporting ammunition	304	57	279	49	583	106
Tires and tubes	1,830	62	2,794	37	4,624	99
Paper, wrapping, packing and paperboard	2,828	107	2,422	390	5,250	497
Paper, coated	1,851	155	1,580	164	3,431	319
Paper articles	2,580	780	2,503	276	5,083	1,056
Cutlery	1,326	125	2,422	145	3,748	270
Air conditioners, room	1,204	1,117	3,492	2,517	4,696	3,634
Stoves, domestic	1,085	14	1,324	19	2,409	33
Radio receivers	5,160	7	12,497	57	17,657	64
Refrigerators	3,330	260	1,535	275	4,865	535
Passenger cars	24,292	80	13,872	63	38,164	143
Motorcycles and parts	8,600	6	5,411	0	14,011	6
Furniture	1,199	39	1,958	14	3,157	53
Travel goods	922	67	1,757	186	2,679	253
Cotton cloth	5,809	187	14,534	758	20,343	945
Textile clothing accessories, nonknit	641	107	2,654	360	3,295	467
Clothing and accessories, knit	3,543	86	8,960	130	12,503	216
Footwear, leather	1,536	15	1,285	19	2,821	34
Optical Instruments	258	37	422	7	680	44
Sound recorders & record players	1,971	101	6,020	141	7,991	242
Tapes and disks	733	128	3,425	637	4,158	765
Printed books	4,460	848	5,529	660	9,989	1,508
Newspapers and magazines	1,843	167	1,917	38	3,760	205
Printed matter, n.e.s.	5,133	143	5,051	446	10,184	589
Toys and games	1,797	226	6,116	884	7,913	1,110
Outdoor sports equip.	1,227	86	1,820	220	3,047	306
Pens and pencils	1,100	27	2,897	142	3,997	169
Candles and matches	1,395	17	2,202	23	3,597	40

[a] Total includes canned pineapples imported for reexport.
[b] Reexports as mixed feed to Malaysia are significant.
Source: West Malaysia figures supplied by Department of Statistics, Kuala Lumpur; Singapore figures from Department of Statistics, Singapore.

U.S. goods are popular in Malaysia and Singapore. Here a customer inspects a shirt at a shop in Kuala Lumpur.

stantly growing, and by acceleration of marketing efforts to reach a wider range of customers.

Malaysia has recently raised import duties on imports of fruits and fruit products, partly to increase revenues and also to protect local industry. Although the tariff increases are believed to be moderate, some slow-down may be expected in the rising trend of imports. It is believed, however, that Malaysian consumers of imported fruits may adjust readily to moderately higher prices and that the demand will continue to climb.

FOOD PREPARATIONS

In food preparations which include sauces, seasoning, broths and soups, U.S. suppliers have sold almost one fifth of the $5.5 million of the import market requirements, with main emphasis on tomato sauce, meat soups and broth and vegetable soup. There should be opportunities for increased sales by U.S. exporters in these and other canned food specialties under an appropriate market development program that includes adequate export credits and a generous use of advertising media.

CIGARETTES

The high ranking position in these markets of American cigarettes (almost 36 percent of a $11 million import market) is mainly a tribute to the quality appeal of American cigarettes in international markets. Local cigarette production flourishes in both countries, principal producers being internationally known British and American firms with local capital participation. Cigarette consumption is expected to continue to expand in these markets, and it is felt that U.S. cigarette exporters will be able to increase their sales in the coming years.

PERFUME AND COSMETICS

In a perfume and cosmetics import market of $11.2 million in 1967, British suppliers lead with a 30 percent share, while U.S. exporters were in second place with 15 percent. Suppliers in Japan accounted for 11 percent. U.S. sales are mainly in cosmetics and toilet preparations. Since these products are widely used in these areas, and American cosmetics and toilet articles are internationally advertised and well established in these markets, it is reasonable to expect that, by the application of a more vigorous sales campaign, the present customer range can be considerably widened, and consumption increased.

PAPER AND PAPER PRODUCTS

The good sales performance by U.S. exporters in the highly competitive market for certain paper products indicates a possibility for greater sales. U.S. exports of paper items which include paperboard, hardboard and softboard; corrugated paper; coated paper; carbon paper; copying paper and cleansing tissue were almost 14 percent of total imports of $13.7 million in 1967. U.S. suppliers of these items are undoubtedly competitive in a market shared by other suppliers vying aggressively for sales and who are often favored by marketing advantages. Other competing suppliers of paper products include those in Japan and communist China. It is believed that this large and growing paper market can be increasingly penetrated by U.S. and other suppliers who are willing to give it attention.

TIRES AND TUBES

The market for motor vehicle tires and tubes is now circumscribed by protected local production, and sales to meet import requirements which amounted to $4.6 million in 1967 are subject to keen competition. The British Dunlop company has a tire making plant in Malaysia, and Japanese Bridgestone has a plant in Singapore. Both plants concentrate mainly on the more popular local tire requirements for small passenger vehicles and scooters, and Bridgestone has recently added facilities to produce bus and truck tires in the most popular local size requirements.

Import requirments in 1967 were largely for new truck and bus tires and tubes, but there were also significant passenger tire imports. Japan is the principal source of bus, truck and cycle tires, and the major passenger car tire imports are from the United Kingdom. U.S. sales in 1967 were slightly over 2 percent of total imports. Although opportunities may be limited for increased sales of U.S. tires in these markets, more likely marketing opportunities in nearby countries might be more readily developed through regional marketing and distribution facilities in Singapore. It may therefore be worthwhile for U.S. tire exporters to look into the potential for establishing warehousing and distribution facilities in Singapore with the help of a suitable local distributor.

ROOM AIR CONDITIONERS

Malaysia and Singapore have warm weather all year, and demands for room air conditioning equipment in homes and often in commercial and government multi-room buildings have been growing rapidly in recent years. As a consequence, several manufacturing and assembly plants have been established in Malaysia and Singapore which produce room and central package units. There is a single plant in Malaysia established in 1962, and four plants in Singapore which started to operate more recently. Local production of components is believed to be in the range of 25 to 30 percent. Both market areas levy import duties to protect local industry.

Production figures are not available, but local output is believed to meet an important part of expanding requirements. Despite the advent of local production, foreign suppliers continue to make substantial sales by direct export. Imports were $4.7 million in 1967 as compared with $3.2 million in 1962, or an average annual increase of 9 percent. Imports into Singapore alone were $3.5 million in 1967 as compared with $3 million in the previous year, or a gain of 13 percent in a single year. U.S. exporters are well established in these markets, and supply approximately 72 percent of total imports.

Consumption requirements in these markets are expected to continue to rise at a rapid rate. As in other areas of the world, air conditioning in homes and business premises is increasingly regarded as a necessity, and a greater number of middle and higher income citizens are equipping their homes with room air conditioning units. Present demand is mainly for room units in a ratio of about 10:3 over central package units.

U.S. equipment is highly regarded in these markets and the present strong position of U.S. suppliers is expected to continue. Increased competition is expected from local producers, particularly in Singapore where local production facilities, though only recently established, are more extensive. The maintenance by U.S. suppliers of high quality standards for equipment, service and parts will probably assure increased sales in these growing markets. However, efficient local production and an increased use of consumer credit in the purchase of air conditioning equipment means that importers will have to extend credit to customers on an increasing scale. Foreign suppliers in turn will be expected to provide more generous payment terms to importers.

REFRIGERATORS

Household ownership of refrigerators in Malaysia and Singapore has increased rapidly in recent years. A recent survey of family ownership of appliances in certain major cities in the Far East shows that 52 percent of the Singapore families have purchased home refrigerators, which puts that city ahead of five others in that region. The family ownership percentage in Malaysia is somewhat less than in Singapore, but the demand is still substantial. Family incomes in these areas are rising gradually in a wider range of income earners, and the demand for refrigerators and other home appliances will increase at a better than moderate pace in coming years.

In view of the brisk demand for refrigerators and the current interest in starting new factories, local entrepreneurs, encouraged to make refrigerators, recently began production at four plants. Two of these are in Malaysia, and two are in Singapore. Singapore, which started production in 1966, has eliminated earlier quota controls and now, in common with Malaysia, protects local manufacturing with import tariffs only.

Local production of the more popular sizes has reduced imports into Singapore from $2.9 million in 1962 to $1.5 million in 1967. Imports into Malaysia, where local production started in 1967, rose from $1.4 million in 1962 to $2.3 million in 1967. Sales by U.S. suppliers in Singapore in 1967 dropped to about one-fourth of the $1.1 sales volume in 1962, and amounted to $260,000 in Malaysia as compared with $346,000 in 1962.

It is expected that a substantial demand for imported refrigerators will continue and probably increase in these markets. This assumption is suggested by the procurement record in Singapore with the advent of local production. Imports dropped in 1966, the first year of local production, to less than one-half of imports in the previous year, and then rose by 50 percent in the following year when about one-third of local production was exported.

Local plants produce in the size range of 4.3 to 11 cubic feet. U.S. sales are mainly in the 12 cubic feet and over models, though sales are also significant in the smaller sizes. Continued and possibly increased sales are believed possible for U.S. suppliers who take advantage of rising demands from new customers and for replacement models from many present users.

PASSENGER CARS

The passenger car market in Malaysia and Singapore is chiefly for small economical vehicles since gasoline is subject to a high tax levy and retails at about 50 cents per gallon. There is, however, a brisk demand for larger vehicles which is presently filled mostly by West Germany. West German exporters lead in supplying this $38.2 million market with sales of $11.1 million in 1967. British suppliers have slipped to second place with sales of $10 million, and Japanese exporters are in the third position with sales of $3.6 million. American car makers have only a token share of the market with sales of $143,000.

The market has been protected by a registration tax which favored U.K. and Commonwealth cars, but this preferential treatment has been removed. With the recent introduction of motor car assembly plants, Malaysia has levied an import duty on completed vehicles which is added to the registration tax. This protective policy will probably limit the market for direct imports of the small cars in the brand names which are being assembled locally.

The present prospect for large volume direct exports of U.S. passenger cars is not good. It is felt, however, that the present limited U.S. auto sales which are mainly in the luxury models for government and business officials may be increased in the years to come. Probably the best prospects for U.S. passenger car sales in these markets are in small low-priced models to compete with the more popular British, European and Japanese small cars, which have been recently introduced in the American market.

TRAVEL GOODS

Several establishments in Singapore produce luggage, handbags and wallets of fiber, plastic or paperboard for the local market, and for export to Malaysia and to other nearby countries. Production in Singapore also includes leather goods, largely wallets, belts, and ladies' handbags of reptile and alligator skins, which enjoy a brisk demand from foreign visitors to Singapore, and are exported as well.

Notwithstanding production in Singapore, both areas have a respectable demand for imported travel goods, e.g., luggage, handbags and wallets of plastic, fiber, paperboard, textile or leather, which amounted to $2.7 million in 1967, or twice the amount imported in 1962. Communist China is the principal source of imports, largely of textile and leather composition, and Japan is the second ranking supplier for similar goods including those made of fiber and plastic. The British share of the market is slightly over 10 percent, and the U.S. share is slightly under 10 percent. American sales are mainly in plastic luggage, and leather, plastic or textile handbags and wallets.

American travel goods are often displayed side by side with similar but lower priced travel products from other sources, which suggests their competitive standing in the market. Although American sales have been in modest volume, progress is evident with exports rising from $79,000 in 1962 to $253,000 in 1967. This indicates that American suppliers have been able to overcome some of the problems of competition with lower priced goods in these markets.

The greatest sales gains have been made by communist Chinese exporters whose sales in these markets rose from $46,000 in 1962 to $588,000 in 1967. Travel goods are included with a wide range of other consumer products in a recent market development program mounted by the communist Chinese under which they operate several emporiums (department stores) in Singapore and Kuala Lumpur. This effort permits them to display and offer consumer products to urban customers in which the primary sales incentives are bargain-basement prices. Although the travel goods examined in these stores were very attractively priced, customers accustomed to reliable hardware fittings might readily prefer western or Japanese travel goods. An important segment of the travel goods market will continue to be open to quality products, and American suppliers already competitive should be able to increase their sales.

COTTON WEARING APPAREL

It is significant that U.S. suppliers have been able to capture a segment of the market in cotton textile products which is dominated so thoroughly by local producers and by foreign suppliers competent in selling world markets mainly on a price competition basis. In several items of clothing and accessories, U.S. sales were $683,000 or 4 percent of total imports valued at $15.8 million. These sales include outer-garments for men and women, men's shirts, men's pajamas and underwear, infants' clothing, corsets, brassieres and suspenders, and several items of knitted wearing apparel for men and women. Some of these items have been popular in the market for several years, achieving success by international advertising and good representation in the market. Although, as is well known, the bulk of the garment business in these countries is based on the price factor, it is a mistake to overlook a widening demand in the rising middle and higher income groups which show a preference for quality apparel and accessories without regard to price. U.S. sales in these items can be increased by promotion.

OUTDOOR SPORTS EQUIPMENT

Malaysia and Singapore enjoy a warm and agreeable climate throughout the year which is conducive to outdoor sports. Although average annual rainfall is considerable, rainstorms are mostly of brief duration and some part of each day is suitable for outdoor activities. Outdoor sports are mainly player participation types; spectator sports are less prevalent. Soccer, volley ball and badminton have the largest following among the younger and school-age element of the population; adults are more often attracted to golf, fishing and tennis.

Most of the substantial demand for outdoor sports equipment is imported, and imports in the stated order of importance are rubber and leather balls, rackets for badminton and tennis, fishing gear and golf equipment. Import requirements have risen rapidly in recent years, reaching a value of $3 million in 1967 as compared with about $2 million in 1962, or an increase of 50 percent during this five-year period. Principal source countries are the United Kingdom, Japan and communist China; purchases from the United States were about 10 percent of total imports in each of these years, and consisted mainly of golfing equipment, with good sales in rubber balls and fishing gear. U.S. sales have lagged in leather balls and rackets.

A more rapid rise in demand for imported sports equipment is expected in future years as a consequence of steady expansion in school facilities, increased student enrollment, and a broadening of the middle and higher income groups. An expanding market is seen for U.S. golfing equipment, which is well known and highly regarded in these areas as a result of world-wide publicity given golfing in the United States. Increased sales of fishing gear by U.S. suppliers are also believed possible. Opportunities for increased U.S. sales in rubber balls and rackets may be more difficult as a result of keen competition from Japanese and communist Chinese exporters.

CHAPTER X

The Market for Industrial Raw Materials

There is an important market for industrial raw materials in Malaysia and Singapore in a narrow range of commodities which are manufactured or processed for local consumption and for reexport. However, most of these raw material import requirements are met by developing countries, some of them in the region, limiting direct export opportunities for Western countries. Raw materials imports into both areas are mainly crude petroleum from the Middle East, tin concentrates from Thailand and natural rubber from nearby Asian countries. Imports into Singapore also include vegetable oils, in larger volume and proportion than into Malaysia since Singapore's industries are more involved in entrepot activities and manufacturing for reexport.

U.S. producers supply an important part of the crude petroleum imports for their refineries located in Malaysia and Singapore, but their shipments are from their production facilities located in the Middle East, and are therefore not direct exports. A significant volume of direct export sales and a good market share showing are made by U.S. suppliers of unmanufactured tobacco, raw cotton and waste paper. As total import requirements in Malaysia and Singapore for these materials have been climbing steadily, American exporters can look forward to increased sales in the years to come.

The Muda Dam irrigation project is under construction on the Muda River about 230 miles north of Kuala Lumpur, adding to the demand for construction equipment.

UNMANUFACTURED TOBACCO

The large demand in these markets for leaf tobacco amounted to $12.9 million in 1967. Used mainly in the manufacture of cigarettes, demand has grown steadily in recent years and promises to grow to support the anticipated rise in cigarette consumption. U.S. suppliers furnished 60 percent of the leaf tobacco requirements in 1967. They have been major suppliers for several years, and it is likely that they will continue to be principal suppliers in future years. The main demand factor in the market is the need for tobacco leaf of varying quality characteristics to meet the blending formula for the production of marketable cigarettes. Apparently, U.S. leaf tobacco has earned a favored position in the ingredient mix, so the size of U.S. sales in the future will depend on the market demand for cigarettes and flexibility in the blending formula.

WASTE PAPER

The waste paper import requirements of West Malaysia and Singapore amounted to $2.1 million in 1967, with U.S. suppliers providing imports valued at $706,000, or 33 percent of total imports. Imports, consisting mainly of over-issue and discarded newspapers, supplement local collections in a number of economical uses which include the wrapping of produce purchased in the open markets, and for filler in packing certain merchandise. Some waste paper is processed into pulp and used in the manufacture of low-priced bathroom tissues. There probably will continue to be a steadily increasing demand for waste paper in future years, and with efficient methods of waste paper collection and marketing in the United States, U.S. exporters can expect to continue to be competitive in these markets.

RAW COTTON

Integrated cotton textile manufacturing activities have begun to expand in recent years in West Malaysia and Singapore; these areas have lagged in the development of the textile industry in comparison with other developing countries in Asia. Growth in spinning is indicated by a 21 percent increase in raw cotton imports into Malaysia in 1967 over the previous year to a value of $2.6 million; similar development is noted in Singapore.

These areas are apparently heading for greater self-sufficiency in cotton textiles, including yarns, and import requirements for raw cotton are bound to move up to a considerably larger volume within the next few years. U.S. exporters of raw cotton are doing well in these markets, supplying each area an equal product share valued at $2.1 million or 40 percent of total imports.

CHAPTER **XI**

Notes for Business Travelers

Regulations and practices relating to the travel of foreigners to Malaysia and Singapore are basically the same in both areas. Where differences occur, they are indicated.

ENTRY FORMALITIES

Passports are required for all visitors, but visas are not a requirement for a temporary stay of less than 3 months for business or pleasure purposes, and not for residence or employment. All persons staying in these areas more than 1 year must register and obtain a National Registration Identity Card within 30 days of arrival.

CUSTOMS REGULATIONS AND CURRENCY

Most goods entering Malaysia are not subject to import tariffs. Singapore has a free port status, but levies protective tariff duties on a number of products which are manufactured locally. Penang is also a free port. Used portable goods in the possession of visitors are normally exempt from import duty. However, payment of duty as a deposit may be required in Malaysia on such articles as expensive cameras and watches; the deposit is returned when the visitor departs and shows possession of the product. In general, household and personal effects may be brought into Malaysia and Singapore duty free.

The Malaysian currency is the Malaysian dollar, and in Singapore, the money is the Singapore dollar. The par value of the dollar in each area is fixed at 3.06122 to U.S. $1, and fluctuation is negligible in the exchange market. For a quick conversion to U.S. dollars of the price of an article or service listed in local currency, one may simply multiply the local price by one third. There is no limitation on the amount of U.S. currency or travelers checks and letters of credit brought in by a visitor.

Visitors are allowed to depart with all of the currency they brought with them provided this amount was declared and noted on their passport by the customs authorities at the time of arrival. They may not have Malaysian or Singapore dollars in their possession when they exist these areas.

HEALTH REGULATIONS AND CONDITIONS

Each person entering these areas must have an International Certificate of Vaccination against smallpox which certifies vaccination against this disease not more than 3 years before the date of entry. A certificate of innoculation against cholera issued not less than six days or more than six months before entry is also required. It is advisable also to have shots for typhus and typhoid.

Health conditions and facilities for medical care are considered good in these areas. Water is safe to drink, except in the more remote rural areas and small towns in Malaysia. Gastrointestinal disturbances are not uncommon among visitors to Malaysia and Singapore, induced in many instances by the sudden change of diet. However, in view of these disturbances, including the problem of dysentery, it is advisable to avoid raw foods, and to take other precautions.

CLIMATE AND CLOTHING

Visitors to these areas, expecting the extremes of tropical weather, are pleasantly surprised that these do not generally apply in the populated areas of West Malaysia and Singapore. Though the temperature and humidity readings are in the higher brackets, and average annual rainfall reaches 100 inches, there are important compensating factors. There are no appreciable seasonal variations in temperature, and the difference between daytime and nighttime temperature runs about 20 degrees throughout the year. The humidity rises at night, but is considerably dissipated during the almost consistently sunny days. Rainfall is generally of short duration, a few minutes or so, followed by clearing skies. Rainfall is more frequent during April to October, while in the early months of the year, drouth conditions are experienced, sometimes reaching a degree of severity which threatens the water supply of metropolitan areas.

Exceptions to these climatic conditions are noted in the less populated East coast area of West Malaysia, which is subject to monsoonal rains during April to October, and in the highlands, where the resort areas are located, which have an average annual rainfall of up to 200 inches. The climate in East Malaysia is tropical and influenced by monsoons. Daytime temperature in the settled areas of Sarawak averages 85 degrees, with high humidity, and the average annual rainfall is from 120 to 160 inches. In Sabah, daytime temperature in the coastal areas ranges from 74 to 88 degrees, and at night, it is about 72 degrees. Rainfall ranges from 60 to 160 inches.

HOTELS AND RESTAURANTS

West Malaysian cities and Singapore are well served with hotel and lodging facilities, giving the traveler a wide choice of comfortable accommodations. These include, particularly in Kuala Lumpur and Singapore, the new, modern and luxurious, and the older establishments, many of them with international reputations for comfort, adequate service and local atmosphere. Some problem may be experienced in obtaining lodging in the modern and better known facilities except by advance reservations. However, very good and comfortable quarters may be found with less advance arrangement in the older and less widely known establishments. Hotels in the cities in East Malaysia are usually very satisfactory, though increased travel to Sabah and Sarawak suggests the need for advance reservations.

The principal commercial centers in these areas can be proud of a high quality standard of food preparation and service which has been maintained over the years. The cuisine of the West and East is available with the best of both worlds, and while most of the Western dishes are offered, emphasis of course is on the dining fare of the East, with ample representation of Malay, Chinese, Indian and Pakastani eating establishments.

INTERNAL TRANSPORT

Air transport is available between the principal cities of West Malaysia (Kuala Lumpur, Malacca, Ipoh, Penang, and Singapore several times a day. Frequent, though not daily scheduled flights are available to all of the commercial centers in West Malaysia. Daytime flights between Singapore and Kuala Lumpur are hourly. Services are daily between Kuching in Sarawak and Kota Kinabalu (formerly Jesselton) in Sabah, and Singapore and Kuala Lumpur; also, a company operates internal flight services which link all of the commercial centers of these two areas. A local airline operates a contract flight service which is available to all cities and towns with landing facilities to accommodate small Cessnas.

Comfortable train services operating on frequent schedules are available in West Malaysia, with connections to Singapore. Some of the runs provide air conditioned coaches, sleeping car service and dining cars. A through International Express runs twice weekly between Prai (near Penang) and Bangkok, and a through coach service is available between Kuala Lumpur and Bangkok.

The cities are well and inexpensively served by taxi cabs, whose drivers can readily commuincate in English. Passenger cars may be rented in the principal cities by visitors with international drivers permits. The taxis and rented vehicles are usually the small-sized vehicles common to these areas, which are equipped with right hand drive, since highway and street traffic moves on the left side of the roadway.

This skyview shows downtown Kuala Lumpur, capitol and principal commercial center of Malaysia.

BUSINESS CONTACTS

It is possible to communicate with business contacts in English. Though international air mail communication is efficient and rapid, contact is frequently by telephone and telegraph to assure that important business transactions are properly expedited. Correspondence via ocean surface mail is out of the question.

It is doubtful if many important business transactions have been concluded between foreigners and local businessmen which, at some point, did not include personal confrontation, and the amenities which this makes possible. Like their counterparts around the world, businessmen in Malaysia and Singapore are more amenable to doing business when they have an opportunity to get acquainted with the other party in a business transaction over refreshments or at the dining table.

BUSINESS DAYS AND HOURS

Most business establishments have office hours from 8:30 or 9 a.m. to 1 p.m., and from 2:30 to 4:30 or 5 p.m. on Mondays through Fridays. Most of them open on Saturday from 9 a.m. to 1 p.m. The hours observed by the government offices are 9 a.m. to 4:30 p.m. on Mondays through Fridays, and 9 a.m. to 1 p.m. on Saturday.

As to holidays, there are several every year, but not all on fixed calendar dates. The latter are Hari Raya Puasa, the Chinese New Year, Hari Raya Haji, the first day of Muharram, and the Prophet's Birthday. Holidays with fixed dates are the King's Birthday on June 5, Malaysia Day, August 31, Deepavali, October 21, Christmas, December 25, and New Year's Day, January 1.

APPENDIX A

Economic Data

Table 1.—Estimated Population: West Malaysia

(Thousands)

Year End	Malay	Chinese	Indian and Pakistani	Other	Total
1960	3,510	2,595	787	126	7,018
1961	3,629	2,678	809	134	7,250
1962	3,753	2,765	832	144	7,494
1963	3,855	2,845	858	149	7,707
1964	3,965	2,920	885	153	7,923
1965	4,068	2,996	908	185	8,157
1966	4,221	3,076	932	186	8,415
1967	4,352	3,171	961	192	8,676

Source: Department of Statistics, Kuala Lumpur, Malaysia.

Table 2.—Estimated Population: Singapore

(Thousands)

Year End	Chinese	Malay	Indian and Pakistani	Other	Total
1961	1,288	240	143	42	1,713
1962	1,320	246	145	44	1,755
1963	1,352	254	148	46	1,800
1964	1,383	262	152	47	1,844
1965	1,413	271	155	51	1,890
1966	1,444	281	158	57	1,940
1967 (Mid-year)	1,455	283	159	58	1,955

Source: Department of Statistics, Singapore.

Table 3.—Estimated Population: East Malaysia

(Thousands)

Mid-Year	Sarawak	Sabah
1962	778	487
1963	900	498
1964	818	518
1965	840	528
1966	861	541
1967 [a]	888	558

[a] Calaculated by applying estimated annual population growth rate of 3.1 percent.
Source: Department of Statistics, Kuala Lumpur, Malaysia.

Table 4.—Annual Gross Domestic Product Growth Rate During First Malaysia Plan 1966-70 (West Malaysia only)

(Millions of U.S. dollars)

Sector	GDP 1965	GDP 1970	Annual Growth rate
Agriculture, forestry and fishing	668	812	4.0
Rubber planting	338	371	1.9
Agriculture and livestock	238	303	5.0
Forestry	40	68	10.9
Fishing	52	70	6.0
Mining and quarrying	200	158	−4.6
Manufacturing	221	357	10.0
Construction	120	177	8.0
Public utilities	42	67	10.0
Ownership of dwellings	102	123	4.0
Commerce	366	457	4.5
Government and defense	142	172	4.0
Other services	410	548	6.0
Total GDP	2,271	2,871	4.8

Source: First Malaysia Plan, 1966–70.

Table 5.—Estimate of Gross Domestic Product in Malaysia (East and West) in Current Prices

(Millions of U.S. dollars)

Sector	1960	1966
Rubber and rubber processing	523	495
Other agriculture	327	447
Mining and quarrying	115	198
Manufacturing	104	220
Construction	57	145
Public utilities	25	53
Transport, storage and communication	73	103
Commerce	295	420
Banking, insurance and real estate	25	45
Ownership of dwellings	93	127
Government and defense	218	337
Other private services	120	220
Indirect taxes	334	353
TOTAL	2,309	3,163

Source: Economic Planning Unit, Government of Malaysia, Kuala Lumpur.

Table 6.—Estimates of Gross Domestic Product by Sector in Singapore.

(Millions of U.S. dollars)

	1961	1965	1966
Agriculture and fisheries	45.0	46.6	51.0
Mining and quarrying	1.3	2.0	2.3
Manufacturing	60.0	102.0	120.0
Construction	22.0	43.7	43.0
Public utilities	15.7	18.0	24.3
Entrepot trade	132.7	122.3	151.3
Domestic trade	105.0	155.3	167.4
Home ownership	33.6	43.0	47.3
Government services	48.0	71.1	89.3
Military services	93.7	173.0	183.4
Tourism	10.6	21.7	27.6
Other services	178.7	209.0	218.4
Statistical adjustment	36.0	—59.4	—15.0
Total GDP at current prices	782.3	948.3	1,110.3

Source: Department of Statistics, Singapore.

Table 7.—Production of Principal Farm Crops in West Malaysia

	Unit	1966	1967
Rubber	Long Tons	926,297	933,196 (*)
Rice	Long Tons	585,030	567,000
Palm oil	Long Tons	183,394	213,403
Palm kernels	Long Tons	42,669	48,303
Tea	Thousand Pounds	7,597	6,872
Pineapple, fresh	Long Tons	254,088	275,284
Pineapple, canned	Long Tons	57,093	67,555
Copra	Long Tons	27,684	27,575

(*) From Rubber Statistical Bulletin.
Source: Monthly Statistical Bulletin of West Malaysia, Department of Statistics, Kuala Lumpur, except as noted.

Table 8.—Production of Mineral Products in West Malaysia

	Unit	1960	1966	1967
Tin concentrates	Long Tons	51,979	68,886	72,120
Iron ore	Thousand Long Tons	5,640	5,762	5,350
Bauxite	Long Tons	451,958	940,447	885,389
Ilmenite	Long Tons	118,242	116,386	89,372
China clay	Long Tons	1,223	1,576	1,758

Source: Monthly Statistical Bulletin of West Malaysia, Department of Statistics, Kuala Lumpur.

Table 9.—Output of Selected Industries in West Malaysia

(In Thousands of U.S. Dollars)

Industry	1963	1966
Rubber, off-estate processing	135,029	141,323
Coconut oil milling	25,092	25,513
Dairy products	7,519	20,834
Rice milling (large mills)	36,890	49,072
Biscuit making	9,602	10,764
Animal feeds	n.a.	14,191
Bottled soft drinks	8,104	7,740
Tobacco	55,834	66,001
Sawmilling and plywood	38,704	50,709
Printing and publishing	n.a.	25,100
Rubber products, including tires, footwear, foam	16,448	29,163
Refined coconut oil	6,728	7,388
Paints, varnishes and lacquers	4,199	6,588
Soaps, washing preparations	10,406	14,988
Medicines and pharmaceuticals	2,386	3,340
Perfumes, cosmetics and toilet preparations	4,867	5,284
Chemical products	10,597	18,126
Bricks	3,992	4,756
Cement and concrete products	5,055	8,792
Metal products, architectural	2,956	4,623
Tin containers	4,202	5,977
Brass, copper, pewter and aluminum	2,295	2,741
Other metal products	9,031	13,156
Industrial machinery and parts	6,556	10,633
Ship and boat building and repairing	2,349	2,832
Motor vehicle bodies	1,463	1,608

Source: Survey of Manufacturing Industries in West Malaysia, Department of Statistics, Kuala Lumpur.

Table 10.—Quantity Output of Selected Industries in Singapore

Rubber Industry		1962	1966	1967
Smoked sheets	Long tons	23,491	18,402	16,745
Crepe	Long tons	130,561	36,313	56,464
Sheeting	Pounds	20,490	37,768	16,745
Reinforced hose	Linear ft.	25,163	87,917	77,428
Footwear	Million pairs	1.9	2.7	3.4
Compounds	000 lbs.	202	1,517	1,842
Soft drinks	Million ounces	1,416	1,926	1,892
Cigarettes	Million lbs.	4.6	6.2	6.8
Soap	Long tons	8,771	9,988	13,223
Coconut oil	Long tons	23,785	29,101	29,080
Cooking oil	Long tons	23,368	24,488	30,349
Biscuits	Long tons	8,056	7,766	9,945
Sugar and confectionary	00 lbs.	5,799	38,352	56,839
Soya bean sauce	Million gallons	2.5	2.5	2.5
Sawn lumber	Tons of 50 cu. ft.	187,698	302,824	369,264
Bricks	Thousands	71,326	94,460	79,452

Source: Monthly Digest of Statistics, Department of Statistics, Singapore.

Table 11.—Employment In West Malaysia by Sectors, 1965 and 1970

(Thousands)

Sector	1965 (preliminary)	1970 Plan (Target)	Percentage Increase 1970 over 1965
Agriculture, forestry and fishing	1,388	1,553	11.9
Manufacturing	173	209	20.8
Mining and quarrying	61	61	—
Construction, utilities and transport	210	252	20.0
Public administration and defense	257	312	21.4
Other services	429	508	18.4
Total	2,518	2,895	15.0

Source: First Malaysia Plan, 1966–1970.

Table 12.—Estimate of Employed Persons in Singapore, 1966

(Thousands)

Industry Groups	Employed Persons 12 Years and Over	Percent of Total	Percentage Increase 1957 = 100
Agriculture, forestry and fishing	22.7	4.2	−27.9
Mining and quarrying	2.0	0.4	25.0
Manufacturing	106.3	19.6	56.3
Construction	30.1	5.6	36.8
Public utilities	6.6	1.2	17.9
Commerce	116.8	21.5	1.6
Transport, storage and communications	62.1	11.5	27.3
Services	184.4	34.0	18.2
Other	10.7	2.0	409.5
Total employed	541.7	100.0	20.2

Source: National registration data, Budget Speech of Minister of Finance, Singapore, December 5, 1967.

APPENDIX ***B***

Development Plan Information Malaysia Singapore

Table 13.—Malaysia Development Plan Allocation of Selected Development Expenditures. (1966–70 comparison with 1961–65.)

(*Millions U.S. dollars*)

	1961–65 Plan	1966–70 Plan
Agriculture	66.4	89.2
Drainage and irrigation	37.4	110.9
Land development	46.5	125.3
Industrial development	23.1	38.2
Highways	181.2	129.8
Railways	17.4	7.1
Aviation, civil	24.3	7.2
Ports	26.0	37.9
Telecommunications	32.3	47.5
Broadcasting	9.0	17.7
Electricity	127.6	194.8
Water	69.1	67.3
Education and training	92.5	146.9
Housing	28.9	62.7
Sewerage	2.6	7.2
Community services	35.6	24.9
Defense equipment	—	117.3
Internal security equipment	—	14.2

Source: First Malaysia Plan, 1966–1970.

Table 14.—Singapore Development Plan Estimates, 1966–70

(*Millions U.S. dollars*)

Civil aviation	3.7
Post offices	.2
Telecommunications	
Telegraph	1.1
Radio services	.8
Trunk and junction (cable & micro-wave)	.4
International services	3.7
Other	.9
Armed forces and police	16.6
Education	38.6
Public health	5.3
Broadcasting Division (Improvement to TV services)	2.4
Land acquisition for development	5.0
National development projects, including reclamation, resettlement, office buildings	46.0
Primary production, including $2 million for new abattoir	3.2
Roads and bridges	15.0
Drainage and flood control	5.1
Sewerage	18.3
Public works, including buildings, reclamation, marine craft, equipment	5.4
Urban and rural serv ices	3.4
Loans to Economic Development Board	61.6
Loans to Public Utilities Board	33.3
Loans for public housing	81.6
Loans for cooperative housing	1.3

Source: Publication of Economic Planning Unit, Economic Development Division, Ministry of Finance.

NEW POLICIES IN THE SINGAPORE DEVELOPMENT PLAN FOR 1968

The Government of Singapore began to give increased attention to development programs in response to the announced acceleration of the withdrawal of British defense forces. In December 1967, in his budget message, the Finance Minister announced the following changes in policy:

1. While tax incentives and "pioneer" status would still be extended to all types of new industries and plants, "some will be more welcome than others." The Economic Development Board has decided that engineering and metal fabrication industries (ship building, engines, machinery), which offer the greatest long term potential, would receive "increasingly large outlays". Expansion of training and service facilities, capital investment, and supporting infrastructure for these industries would be given priority.

2. Plans were announced to establish an international trading agency, Intraco, Ltd., which would not act as a vehicle for trade promotion but rather serve the exporter by relieving him of the problems incident to export activity, particularly the development of marketing channels.

3. Investment of government capital in new industrial projects would follow less conservative guidelines, and take calculated risks where the promise of growth makes this worthwhile.

The anticipated general budget surplus of $10 million in 1968 would be transferred to the Development Fund, and this Fund would provide $98.6 million in 1968 (compared with $83 million in 1967) to further the goals of the Second Five Year Plan.

Proposed Use of the Singapore Development Fund in 1968

(Millions of U.S. dollars)

Loans to statutory authorities	39.3
Government sector:	
Economic development	26.7
Social development	13.0
Defense and administration	19.6
TOTAL	98.6

Source: Speech by Minister of Finance, Singapore, December 1967.

Proposals for Additional Development Expenditures by Singapore Minister of Finance

(Millions of U.S. dollars)

Public sector development, e.g., urban renewal, industrial sites, road construction, land reclamation, water storage facilities	133.3
Induced private investment in building and other construction	66.6
Defense outlays, primarily local costs	100.0

Source: Discussion of "counter-recession strategy" by Minister of Finance, Singapore, spring of 1968.

APPENDIX C

Foreign Trade Statistics

Note: Singapore continues to serve as an important distribution center for world trade moving to Malaysia and to other Asian countries. Such trade entering Singapore, including goods off-loaded for transshipment, has been officially recorded as imports through December 31, 1967. As recorded in West Malaysia, imports from and via Singapore are shown separately, but are not identified by country of origin. Therefore, when imports into West Malaysia and Singapore as stated in this report are combined to reflect total imports into both market areas, the result is inevitably a duplication of imports via Singapore in the case of many commodities. The amount of duplication cannot be readily and accurately ascertained on a commodity and country of origin basis; however, imports into West Malaysia via Singapore are believed to be in the range of 20 percent to 25 percent of total imports.

Table 15.—Value of West Malaysia's Imports and Exports, 1957–67

(Millions of U.S. dollars)

	Imports (CIF)			Exports (FOB)		
Calendar Year	Direct Foreign	From and Via Singapore	Total	Direct Foreign	To and Via Singapore	Total
1957	367.2	237.6	604.8	464.9	261.6	726.5
1958	331.9	220.6	552.5	414.3	213.1	627.4
1959	339.9	239.9	579.8	557.1	267.4	824.5
1960	435.9	280.9	716.8	690.3	284.4	974.7
1961	447.7	295.8	743.5	632.7	241.4	874.1
1962	502.1	313.7	815.8	630.8	242.7	873.5
1963	502.2	337.1	839.3	647.5	252.1	899.6
1964	532.3	308.2	840.5	660.5	264.3	924.8
1965	556.6	312.9	869.5	736.5	295.4	1,031.9
1966	574.9	302.5	877.4	724.5	315.3	1,039.8
1967	581.0	274.9	855.9	693.3	279.6	972.9

Source: Monthly Statistical Bulletin of West Malaysia, Department of Statistics, Kuala Lumpur.

Table 16.—Singapore Imports and Exports, 1961–67

(Millions of U.S. dollars)

	Imports (CIF)			Exports (FOB)		
Calendar Year	Foreign*	West Malaysia	Total	Foreign*	West Malaysia	Total
1961	1,079.9	241.2	1,321.1	807.4	295.4	1,102.8
1962	1,102.7	242.6	1,345.3	825.1	313.8	1,138.9
1963	1,174.1	252.2	1,426.3	821.1	337.0	1,158.1
1964	895.6	263.9	1,159.5	615.5	308.5	924.0
1965	974.1	294.9	1,269.0	688.5	312.9	1,001.4
1966	1,040.7	314.5	1,355.2	821.9	302.5	1,124.4
1967	1,189.0	279.8	1,468.8	888.6	274.9	1,163.5

*Includes trade with East Malaysia.

Source: Monthly Digest of Statistics, Singapore, and State of Singapore Annual Report.

Table 17.—West Malaysia Total Imports and U.S. Market Share, 1960–67

(Millions U.S. dollars)

Calendar Year	Total Imports	Imports from United States	Percent from United States
1960	716.9	29.7	4.1
1961	743.5	37.5	5.0
1962	815.8	48.1	5.9
1963	844.6	44.4	5.3
1964	840.5	43.5	5.2
1965	869.4	46.5	5.3
1966	877.5	51.5	5.9
1967	855.9	51.8	6.0

Source: West Malaysia, External Trade, Department of Statistics, Kuala Lumpur.

Table 18.—West Malaysia Imports from Major Sources, 1960–67

(Millions of U.S. dollars)

Calendar Year	Total	United States	United Kingdom	Thailand	Japan	Singapore	Australia
1960	716.9	29.7	154.1	83.2	57.4	64.1	33.3
1961	743.5	37.5	168.4	82.8	61.7	68.4	31.8
1962	815.8	48.1	177.8	80.3	71.4	80.9	38.2
1963	844.6	44.4	178.1	80.0	84.1	78.6	43.5
1964	840.5	43.5	162.3	94.2	88.8	82.6	49.3
1965	869.4	46.5	177.4	91.5	100.1	91.4	53.2
1966	877.5	51.5	170.4	61.6	119.1	93.6	55.5
1967	855.9	51.8	133.6	61.3	123.1	73.1	65.7

Calendar Year	Communist China	West Germany	Hong Kong	Netherlands	New Zealand	Indonesia [a]
1960	27.8	25.6	27.2	16.1	1.5	108.2
1961	36.5	27.8	28.2	18.8	2.8	83.3
1962	28.8	28.0	28.3	21.7	2.9	97.8
1963	44.1	31.6	28.2	19.8	4.0	70.8
1964	58.0	35.6	28.9	19.6	3.8	14.3
1965	57.9	43.1	25.1	18.9	5.0	3.3
1966	57.7	42.9	27.3	16.6	8.2	4.4
1967	64.2	46.6	21.0	12.1	10.3	15.7

[a] Trade with Indonesia was affected by a break in economic relations between Indonesia and Malaysia during the period from August 1963 to late 1965.

Source: States of Malaya (West Malaysia), External Trade, Department of Statistics, Kuala Lumpur.

Table 19.—Singapore Total Imports and U.S. Market Share, 1960–67

(Millions U.S. dollars)

Calendar Year	Total Imports	Imports from United States	Percent from United States
1960	1,359.3	52.0	4.0
1961	1,321.1	62.4	4.7
1962	1,345.3	67.1	5.0
1963	1,429.6	75.3	5.3
1964	1,159.6	64.4	5.6
1965	1,269.1	64.5	5.1
1966	1,355.2	70.2	5.2
1967	1,468.8	81.9	5.2

Source: Singapore, External Trade Statistics, Department of Statistics, Singapore.

Table 20.—Singapore Imports from Major Sources, 1960–67

(Millions of U.S. dollars)

Calendar Year	Total	United States	United Kingdom	West Malaysia	Japan	Communist China
1960	1,359.3	52.0	121.0	284.4	99.4	46.6
1961	1,321.1	62.4	135.6	241.2	113.0	43.3
1962	1,345.3	67.1	128.2	242.6	122.2	52.1
1963	1,429.6	75.3	142.4	252.2	135.9	70.6
1964	1,159.6	64.4	116.6	263.6	121.5	65.5
1965	1,269.1	64.5	134.6	294.9	140.4	74.5
1966	1,355.2	70.2	136.0	314.5	154.6	90.6
1967	1,468.8	81.9	117.8	279.9	182.5	127.6

Calendar Year	Thailand	Hong Kong	Australia	West Germany	East Malaysia	Indonesia
1960	48.6	29.9	19.0	13.6	74.1	333.1
1961	39.6	36.6	41.4	32.8	59.3	276.4
1962	39.9	35.9	42.4	32.9	47.9	242.1
1963	40.8	40.8	50.9	37.3	42.4	253.0
1964	43.3	38.1	53.5	30.3	61.7	([a])
1965	49.1	36.3	55.3	34.8	74.7	([a])
1966	53.9	34.3	63.1	37.1	74.3	([a])
1967	48.4	41.9	65.8	42.5	76.7	([a])

[a] Trade with Indonesia was disrupted by Indonesia's termination of economic relations with Singapore and Malaysia. Statistics showing trade with Indonesia are not available during these years.

Source: Singapore, External Trade Statistics, Department of Statistics, Singapore.

Table 21.—East Malaysia (Sabah and Sarawak) Imports and Exports, 1962–67

(Millions of U.S. dollars)

Calendar Year	Sabah Imports	Sabah Exports
1962	79.6	78.2
1963	101.2	91.6
1964	100.8	86.6
1965	112.1	101.7
1966	115.6	119.4
1967	94.5	134.0

Source: Annual Bulletin of Statistics, Sabah, Department of Statistics, Kuala Lumpur.

Calendar Year	Sarawak Imports	Sarawak Exports
1962	133.5	136.0
1963	132.2	124.6
1964	149.5	127.0
1965	161.6	144.6
1966	175.2	154.5
1967	163.1	159.2

Source: Statistics of External Trade, Kuching.

Table 22.—East Malaysia (Sabah and Sarawak) Imports From Major Sources, 1965–67

(Millions of U.S. dollars)

Calendar Year	Total	United States	United Kingdom	Singapore	Japan	Australia	West Germany
Sabah							
1965	112.1	13.0	21.3	14.0	7.9	3.3	1.5
1966	115.6	12.4	23.8	17.1	9.6	3.4	1.9
1967	94.5	11.9	15.8	16.2	12.8	3.0	2.0
Sarawak							
1965	161.6	6.2	21.4	18.6	6.9	21.4	2.0
1966	175.2	7.3	20.2	19.6	7.4	20.2	n.a.
1967	163.1	8.4	15.7	16.2	8.2	n.a.	2.7

Source: Official External Trade Statistics, Kuching and Kuala Lumpur.

Table 23.—Principal Imports Into West Malaysia of Producer Goods From Major Sources, 1962 and 1967

(Thousands U.S. dollars)

Items	Years	Total	United States	United Kingdom	Japan	West Germany	Other
Pesticides and disinfectants	1962	3,218	188	1,308	73	350	Communist China Hong Kong
	1967	6,175	841	2,616	2,747	770	Communist China Hong Kong
Anti-knock preparations	1962	41	18	20	2	—	—
	1967	771	511	263	—	2	—
Kraft paper board	1962	907	82	173	96	34	—
	1967	2,806	1,651	12	401	—	Australia
Steel and copper nails & bolts	1962	935	12	313	212	22	—
	1967	1,467	61	239	316	47	Communist China
Hand tools	1962	2,002	380	780	166	380	—
	1967	3,347	119	592	462	505	Communist China Hong Kong
Locksmith wares	1962	1,417	56	691	100	138	Hong Kong Australia
	1967	2,499	56	793	301	226	Communist China Australia
Soldering rods	1962	902	160	485	11	7	Australia
	1967	1,070	270	263	170	30	Australia
Aircraft engines	1962	364	112	252	—	—	—
	1967	216	1	92	—	—	Australia
Piston engines	1962	7,084	1,269	3,549	870	1,016	—
	1967	7,952	2,419	2,716	941	1,336	Communist China Australia
Farm tractors	1962	1,159	350	738	47	22	—
	1967	1,961	180	1,670	71	28	—
Agricultural machinery	1962	1,206	318	491	68	115	Australia
	1967	1,119	370	325	151	72	Netherlands

See footnotes at end of table.

Table 23.—Principal Imports Into West Malaysia of Producer Goods from Major Sources, 1962 and 1967—Continued

(Thousands U.S. dollars)

Items	Years	Total	United States	United Kingdom	Japan	West Germany	Other
Accounting & computing equipment	1962	1,042	452	137	4	98	Australia
	1967	1,423	450	281	19	254	Australia
Office duplicating & addressing machinery	1962	503	61	186	3	25	Australia
	1967	1,862	46	488	17	83	Australia
Metal working machinery	1962	1,564	45	586	215	160	Communist China
	1967	1,804	32	114	1,094	88	Hong Kong
Printing & binding machinery	1962	2,003	50	967	81	490	Hong Kong
	1967	1,553	141	505	106	929	Hong Kong
Food processing machinery	1962	468	53	163	10	69	—
	1967	1,382	130	208	376	130	Netherlands
Excavating & levelling machinery	1962	12,865	4,969	5,481	581	511	Australia
	1967	11,175	244	5,299	569	510	Singapore*
Crushing and glass working mahcinery	1962	2,486	252	1,774	212	124	—
	1967	1,848	49	675	788	68	Australia
Pumps & centrifuges	1962	3,174	349	2,125	59	198	Netherlands
	1967	5,520	855	284	54	2,059	Netherlands
Air conditioning equipment—industrial	1962	3,304	388	1,942	30	422	Netherlands
	1967	3,417	304	735	633	523	Australia
Lifting and loading equipment	1962	1,594	277	845	38	97	—
	1967	3,898	195	632	1,379	638	—
Powered tools	1962	1,522	445	478	70	119	—
	1967	2,703	667	419	447	383	Australia
Packaging & filling machinery	1962	878	57	433	43	198	—
	1967	662	173	173	67	91	—
Taps, cocks and valves	1962	909	64	686	26	52	—
	1967	1,764	53	740	265	53	Australia
Shafts, cranks & pulleys	1962	431	50	263	27	19	—
	1967	782	34	360	101	58	Communist China Hong Kong
Machinery parts & accessories n.e.s.	1962	2,330	460	1,285	64	207	—
	1967	3,187	756	1,000	502	234	Netherlands Australia
Electrical power machinery	1962	5,091	452	2,718	36	87	—
	1967	7,917	160	2,799	1,363	60	Australia
Switchgear	1962	3,623	28	3,176	22	54	—
	1967	5,385	60	3,310	361	340	Australia
Insulated cable	1962	3,296	3	3,047	57	88	—
	1967	4,315	6	2,312	1,146	411	—
Telecom equipment	1962	4,582	228	3,822	86	28	Netherlands
	1967	5,054	2,368	2,151	286	290	Netherlands
Battery cells	1962	2,522	28	1,169	488	117	Hong Kong
	1967	1,314	31	361	365	78	Australia
Auto electrical equipment	1962	503	65	218	173	37	—
	1967	1,111	188	362	332	103	—
Aircraft parts	1962	367	85	278	—	—	—
	1967	4,342	174	1,096	—	2	Australia

*Reexported; see Table 24. A single large U.S. supplier maintains an extensive parts depot in Singapore for reexport of parts.

Source: 1962 figures from Market Share Reports: Malaysia, Sales and Distribution, Department of Commerce, Washington, D.C., 20230. 1967 figures from Department of Statistics, Kuala Lumpur.

Table 24.—Principal Imports Into Singapore of Producer Goods From Major Sources, 1962 and 1967

(Thousands U.S. dollars)

Items	Years	Total	United States	United Kingdom	Japan	West Germany	Other
Pesticides & disinfectants	1962	1,796	192	530	103	144	Communist China Hong Kong
	1967	3,175	387	622	40	242	Communist China Hong Kong
Anti-knock preparations	1962	436	24	407	—	1	—
	1967	5,096	1,499	2,607	26	3	Netherlands
Kraft paper board	1962	1,679	126	122	525	59	Communist China
	1967	2,859	1,602	11	378	—	Communist China
Steel & copper nails & bolts	1962	1,378	38	252	481	47	Communist China
	1967	1,754	253	399	353	69	Communist China
Hand tools	1962	2,076	153	604	283	541	Communist China
	1967	2,861	148	565	480	450	Communist China
Locksmith wares	1962	2,358	78	749	218	272	Communist China
	1967	2,704	129	778	264	285	Communist China
Soldering rods	1962	562	35	277	13	2	Australia Communist China
	1967	496	58	91	94	5	Australia Communist China
Aircraft engines	1962	86	53	29	—	—	—
	1967	2,415	129	2,108	—	—	—
Piston engines	1962	6,497	1,250	2,616	749	695	Australia
	1967	10,497	3,258	2,692	1,144	828	Australia Communist China
Farm tractors	1962	357	—	232	6	16	—
	1967	838	9	618	0	—	—
Agricultural machinery	1962	331	46	77	27	10	Australia
	1967	239	43	14	3	7	Australia
Accounting & computing equipment	1962	1,600	635	147	4	101	Italy
	1967	1,632	232	89	142	328	—
Office duplicating & addressing machinery	1962	500	80	237	15	66	—
	1967	608	152	214	41	66	—
Metal working machinery	1962	929	28	400	33	125	Communist China
	1967	869	29	27	459	12	—
Printing & binding machinery	1962	1,363	31	381	65	468	Italy
	1967	1,648	130	214	75	792	—
Food processing machinery	1962	652	4	26	5	44	—
	1967	973	11	41	88	85	—
Excavating & levelling machinery	1962	7,155	3,761	1,932	180	288	—
	1967	[a] 15,798	10,477	2,174	1,476	752	—
Crushing & glass working machinery	1962	908	391	339	2	28	Italy
	1967	950	68	217	225	3	—
Pumps and centrifuges	1962	2,211	373	1,104	61	143	—
	1967	4,681	989	1,344	491	204	Australia
Air conditioning equiment—industrial	1962	710	91	310	19	97	—
	1967	2,456	748	119	684	113	Australia
Lifting & loading equipment	1962	2,083	875	519	284	41	—
	1967	3,499	1,029	540	961	237	—

See footnotes at end of table.

Table 24.—Principal Imports Into Singapore of Producer Goods From Major Sources, 1962 and 1967—Continued

(Thousands U.S. dollars)

Items	Years	Total	United States	United Kingdom	Japan	West Germany	Other
Powered tools	1962	1,066	441	189	47	87	—
	1967	2,307	682	248	125	367	Australia
Packaging & filling equipment	1962	111	4	37	—	—	—
	1967	781	266	144	21	51	Australia
Taps, cocks & valves	1962	761	33	552	19	21	Italy
	1967	2,109	142	954	334	68	Australia
Shafts, cranks & pulleys	1962	378	19	210	60	18	—
	1967	472	51	194	65	22	Communist China
Machinery parts & accessories n.e.s.	1962	2,737	665	1,310	100	98	—
	1967	2,401	532	626	327	172	Australia
Electrical power machinery	1962	3,548	781	1,595	132	181	Italy
	1967	4,635	559	1,291	1,247	278	Communist China
Switchgear	1962	2,687	341	1,803	107	41	—
	1967	5,126	141	2,196	701	1,070	Netherlands
Insulated cable	1962	5,105	17	1,344	2,195	707	—
	1967	5,451	20	1,709	2,279	334	—
Telecom equipment	1962	2,567	149	1,383	357	102	—
	1967	5,540	251	2,125	1,376	127	—
Battery cells	1962	3,130	119	842	652	150	—
	1967	3,554	109	358	271	129	Communist China
Auto electrical equipment	1962	1,550	205	631	353	218	—
	1967	2,848	435	1,069	510	457	—
Aircraft parts	1962	216	134	61	—	—	—
	1967	870	91	675	1	—	—
Tractors for trailers	1962	9,667	6,935	945	173	124	—
	1967	6,352	3,740	1,076	154	52	—

([a]) Almost $7 million reexported to West and East Malaysia.
Source: Figures from Market Share Reports: Singapore, available from Sales and Distribution, Room 2119, Department of Commerce, Washington, D.C. 20230.

Table 25.—Principal Imports Into West Malaysia of Consumer Goods from Major Sources, 1962 and 1967

(Thousands U.S. dollars)

Items	Years	Total	United States	United Kingdom	Japan	Communist China	Australia	Other
Meat, canned and preparations	1962	3,068	77	1,665	10	459	146	Denmark Argentine
	1967	4,295	315	1,764	1	1,741	130	—
Milk and cream	1962	21,594	204	5,073	—	—	4,649	Netherlands Denmark New Zealand
	1967	16,153	627	2,342	38	3	3,950	
Wheat	1962	1,454	—	—	—	—	1,454	—
	1967	20,818	550	—	—	6	19,069	—
Fish, canned and prepared	1962	4,419	166	82	1,424	42	2	Indonesia Mexico
	1967	3,313	6	66	1,599	81	183	—

See footnotes at end of table.

Table 25.—Principal Imports Into West Malaysia of Consumer Goods from Major Sources, 1962 and 1967—Continued

(*Thousands U.S. dollars*)

Items	Years	Total	United States	United Kingdom	Japan	Communist China	Australia	Other
Wheat flour	1962	13,504	82	49	1,752	—	11,577	—
	1967	195	68	7	—	—	39	—
Cereals and flour mixes	1962	7,205	82	2,546	14	356	1,704	Canada
	1967	10,853	93	2,660	185	526	1,150	—
Fruits and nuts, fresh	1962	6,585	599	209	435	859	1,996	Taiwan
	1967	7,531	796	20	186	819	849	—
Fruit, dried	1962	1,343	214	5	6	363	25	Hong Kong, Iraq
	1967	1,505	248	1	2	231	24	—
Fruit, preserved	1962	1,729	298	261	16	234	270	Taiwan, Hong Kong
	1967	3,016	320	316	61	349	206	—
Vegetables, preserved	1962	2,631	68	296	828	858	38	Taiwan, Hong Kong
	1967	3,245	46	313	504	1,344	102	—
Sugar and honey	1962	15,090	60	1,626	6	4,258	35	USSR, Taiwan
	1967	13,136	130	60	23	237	3,049	Taiwan
Animal feeds	1962	12,826	95	220	935	44	2,153	Thailand
	1967	15,906	141	82	79	1,552	1,833	Thailand
Food preparations, n.e.s.	1962	1,724	335	487	15	32	27	Singapore
	1967	2,641	378	834	102	191	62	Singapore
Cigarettes and other tobacco mfrs.	1962	5,735	1,604	3,505	—	—	—	—
	1967	3,275	1,277	568	—	7	—	—
Ginseng	1962	582	231	—	35	34	—	—
	1967	546	204	—	106	8	—	—
Pharmaceuticals	1962	658	8	322	177	5	1	—
	1967	817	23	406	208	22	13	—
Perfume and cosmetics	1962	5,204	232	1,434	107	924	8	Hong Kong (1,760)
	1967	3,188	516	1,213	306	135	62	—
Soaps	1962	855	40	604	6	4	13	—
	1967	945	35	230	18	338	179	—
Washing preparations, including detergents	1962	1,337	576	559	8	1	9	—
	1967	695	132	182	47	18	3	—
Hunting & sporting ammunition	1962	160	30	105	—	—	—	—
	1967	204	57	104	—	—	—	—
Rubber tires and tubes	1962	8,073	388	4,889	992	197	12	West Germany (745)
	1967	1,830	62	255	479	102	6	—
Paper, wrapping, packing and paperboard	1962	918	32	74	260	106	3	—
	1967	2,828	107	264	728	349	264	—
Coated paper	1962	358	39	53	35	61	37	—
	1967	1,851	155	319	115	203	57	Hong Kong
Paper articles	1962	2,319	230	1,311	46	32	30	—
	1967	2,580	780	777	158	118	99	Hong Kong
Glassware	1962	452	17	64	28	44	—	—
	1967	819	41	84	70	232	1	—
Laboratory glass	1962	200	10	138	3	—	—	—
	1967	289	39	163	18	13	—	West Germany
Cutlery	1962	903	29	403	126	12	2	West Germany (200)
	1967	1,326	125	396	190	286	3	West Germany
Stoves, domestic	1962	526	3	142	43	—	1	Hong Kong (228)
	1967	1,085	14	145	178	56	35	Hong Kong (408)

See footnotes at end of table.

Table 25.—Principal Imports Into West Malaysia of Consumer Goods from Major Sources, 1962 and 1967—Continued

(Thousands U.S. dollars)

Items	Years	Total	United States	United Kingdom	Japan	Communist China	Australia	Other
Radio receivers	1962	4,809	28	180	1,997	—	—	Netherlands (2,048)
	1967	5,160	7	635	3,600	60	3	Netherlands (510)
Refrigerators	1962	1,359	346	405	198	—	—	West Germany
	1967	2,330	260	258	729	—	6	West Germany
Air conditioners, room	1962	1,011	931	21	8	—	—	—
	1967	1,204	1,117	13	55	—	—	—
Passenger cars	1962	20,450	113	10,550	934	—	940	West Germany (3,770)
	1967	24,292	80	4,835	3,206	—	595	West Germany (7,067)
Mortorcycles & parts	1962	5,570	6	864	2,790	—	1	—
	1967	8,578	6	96	7,136	—	—	—
Furniture	1962	1,265	33	542	96	7	4	—
	1967	1,199	38	227	183	125	52	West Germany
Travel goods	1962	484	10	114	59	6	2	Hong Kong (160)
	1967	922	67	156	101	154	6	Hong Kong (188)
Cotton clothes	1962	6,953	120	178	492	576	6	Hong Kong (2,116)
	1967	5,809	187	66	524	842	64	Hong Kong (1,370)
Textile clothing accessories, non-knit	1962	549	42	98	146	123	3	—
	1967	641	106	66	86	234	46	—
Clothing & accessories, knit	1962	2,790	22	208	226	354	1	Hong Kong (1,931)
	1967	3,543	86	158	484	332	8	Hong Kong (2,168)
Footwear, leather	1962	1,293	—	460	12	53	—	Hong Kong (409)
	1967	1,536	15	339	20	174	421	Hong Kong (304)
Optical instruments	1962	162	13	46	31	1	1	West Germany (60)
	1967	258	34	29	104	5	—	West Germany (66)
Sound recorders, players	1962	772	33	138	168	—	—	Netherlands (326)
	1967	1,971	101	194	1,119	—	3	Netherlands (390)
Tapes & disks	1962	412	51	97	10	—	15	Hong Kong (79)
	1967	773	128	161	72	8	62	West Germany (141)
Printed books	1962	4,251	221	1,698	5	2	33	Hong Kong (1,197)
	1967	4,460	848	1,921	90	3	34	Hong Kong (469)
Newspapers & magazines	1962	1,828	153	117	17	—	4	Hong Kong (495)
	1967	1,843	167	224	245	—	19	Hong Kong (334)
Printed matter, n.e.s.	1962	2,158	75	868	62	2	32	—
	1967	5,133	143	3,545	168	2	34	—
Toys & games	1962	1,636	272	253	578	31	7	Hong Kong (330)
	1967	1,796	226	262	433	409	16	Hong Kong (376)
Outdoor sports equipment	1962	537	25	206	134	31	13	—
	1967	1,227	86	361	206	393	63	—
Pens and pencils	1962	1,091	241	39	162	127	17	West Germany (381)
	1967	1,100	27	43	201	326	24	West Germany (235)
Brooms and mops	1962	558	63	216	55	52	1	Hong Kong (133)
	1967	710	20	173	108	213	10	Hong Kong (111)
Candles, matches	1962	479	25	98	40	1	—	—
	1967	1,395	16	314	50	24	1	—

Source: 1962 figures from publication States of Malaya, Annual Statistics of External Trade, Department of Statistics, Kuala Lumpur; 1967 figures supplied by Department of Statistics, Kuala Lumpur.

Table 26.—Principal Imports Into Singapore of Consumer Goods from Major Sources, 1962 and 1967

(Thousands U.S. dollars)

Items	Years	Total	United States	United Kingdom	Japan	Communist China	Australia	Other
Meat, canned and preparations	1962	3,814	187	1,618	12	654	346	
	1967	4,941	180	1,579	—	1,588	281	Netherlands (193)
Milk and cream	1962	15,845	184	2,024	—	—	2,524	Netherlands (7,322)
	1967	11,242	391	731	1	40	2,252	Netherlands (1,519)
Wheat	1962	255	—	—	—	—	251	—
	1967	15,019	463	—	—	—	13,973	—
Fish, canned and prepared	1962	2,745	116	36	836	82	6	—
	1967	4,622	82	40	2,365	263	391	—
Wheat flour	1962	9,700	274	68	1,340	—	5,834	Canada (1,145)
	1967	426	22	38	10	—	79	—
Cereals and flour mixes	1962	7,744	113	1,652	22	823	2,735	—
	1967	8,280	121	1,358	88	2,092	2,199	—
Fruit and nuts, fresh	1962	13,921	1,106	35	710	1,316	2,882	—
	1967	20,352	1,998	21	476	5,118	5,328	—
Fruit, dried	1962	940	296	2	2	401	30	—
	1967	1,313	478	—	—	581	118	—
Fruit, preserved	1962	12,635	869	345	98	735	301	Malaysia (canned
	1967	20,406	855	327	73	2,712	437	Pineapple for reexport)
Vegetables, preserved	1962	5,679	216	294	1,098	2,189	25	—
	1967	8,029	186	380	1,379	3,818	86	—
Sugar and honey	1962	10,135	187	227	—	2,936	31	Taiwan
	1967	10,660	217	585	4	6,350	1,417	Taiwan
Animal feeds	1962	18,613	101	50	1,145	261	1,353	Burma, Thailand
	1967	26,762	168	99	244	3,162	1,655	Burma, Thailand
Food preparations, n.e.s.	1962	1,853	442	638	30	77	29	—
	1967	2,889	618	973	100	431	62	—
Cigarettes	1962	11,270	4,418	5,292	45	3	4	—
	1967	7,850	2,640	4,139	—	15	—	—
Ginseng	1962	869	593	—	143	58	—	—
	1967	2,036	1,132	—	159	224	—	—
Pharmaceuticals	1962	842	35	335	241	22	2	West Germany (43)
	1967	1,056	47	251	290	37	1	West Germany (113)
Perfume and cosmetics	1962	7,081	863	1,506	270	1,379	14	Hong Kong West Germany
	1967	8,055	1,090	1,942	870	948	83	Hong Kong West Germany
Soaps	1962	1,454	68	540	19	57	—	—
	1967	2,402	164	490	19	530	83	—
Washing preparations, including detergents	1962	2,364	618	312	1	—	25	West Germany
	1967	1,703	58	257	84	100	6	Malaysia
Hunting and sporting ammunition	1962	139	31	70	—	—	—	—
	1967	279	49	32	—	—	—	—
Rubber tires and tubes	1962	6,367	544	2,457	1,069	343	17	—
	1967	2,794	37	294	1,154	387	6	—
Paper, wrapping, packing and paperboard	1962	1,649	55	180	505	53	2	—
	1967	2,422	390	150	717	256	131	West Germany (122)
Coated paper	1962	611	126	81	201	2	41	West Germany (43)
	1967	1,580	164	291	526	94	69	Hong Kong (99)

See footnotes at end of table.

Table 26.—Principal Imports Into Singapore of Consumer Goods from Major Sources, 1962 and 1967—Continued

(*Thousands U.S. dollars*)

Items	Years	Total	United States	United Kingdom	Japan	Communist China	Australia	Other
Paper articles	1962	2,256	282	1,119	76	23	47	West Germany (114)
	1967	2,503	276	668	268	183	81	West Germany (252)
Cutlery	1962	1,304	74	307	330	57	—	West Germany (330)
	1967	2,422	145	333	593	642	8	West Germany (388)
Stoves, domestic	1962	623	12	153	32	3	1	Hong Kong (252)
	1967	1,324	19	111	121	80	17	Hong Kong (370)
Radio receivers	1962	7,145	44	215	4,164	15	2	Netherlands
	1967	12,497	57	50	7,416	101	2	Netherlands (3,701)
Refrigerators	1962	2,929	1,128	456	345	—	4	West Germany Italy
	1967	1,535	275	18	211	—	5	West Germany Italy
Air conditioners, room	1962	2,222	2,035	22	44	—	—	—
	1967	3,492	2,517	51	256	—	—	—
Passenger cars	1962	20,715	129	8,811	447	—	1,234	West Germany (3,794)
	1967	13,872	63	5,250	415	—	905	West Germany (4,105)
Motorcycles and parts	1962	6,788	4	275	2,069	—	1	Italy
	1967	5,411	—	26	3,172	—	—	Italy
Furniture	1962	2,034	25	347	71	103	7	Malaysia
	1967	1,958	14	188	100	374	15	Hong Kong (76)
Travel goods	1962	838	69	90	226	40	2	Hong Kong (292)
	1967	1,757	186	130	356	434	10	Hong Kong (363)
Cotton clothes	1962	12,999	724	215	2,000	1,475	43	Hong Kong (4,369)
	1967	14,534	758	150	2,424	3,082	120	Hong Kong (3,761)
Textile clothing accessories, non-knit	1962	1,779	304	73	760	302	16	—
	1967	2,654	360	109	792	744	125	Hong Kong (258)
Clothing and accessories, knit	1962	4,021	151	154	655	830	1	Hong Kong (2,133)
	1967	8,960	130	224	3,734	2,246	39	Hong Kong (1,851)
Footwear, leather	1962	2,492	8	616	14	154	—	Hong Kong (595)
	1967	1,285	19	133	21	253	62	Hong Kong (77)
Optical instruments	1962	321	8	14	198	—	1	West Germany (68)
	1967	422	7	10	325	14	—	West Germany (29)
Sound recorders and record players	1962	2,307	38	166	532	—	1	West Germany (825)
	1967	6,020	141	171	3,369	—	6	West Germany (403)
Tapes and disks	1962	1,910	525	306	89	3	126	West Germany (195)
	1967	3,425	637	316	276	—	382	West Germany (654)
Printed books	1962	3,521	504	1,301	42	28	20	Hong Kong (1,038)
	1967	5,529	660	2,189	130	8	51	Hong Kong (1,523)
Newspapers and magazines	1962	1,341	126	321	206	—	11	Hong Kong (492)
	1967	1,917	38	749	298	—	47	Hong Kong (654)
Printed matter, n.e.s.	1962	1,887	201	856	92	4	16	Hong Kong (502)
	1967	5,051	446	1,291	286	14	64	Hong Kong (450)
Toys and games	1962	3,458	574	427	1,374	103	21	Hong Kong (621)
	1967	6,116	884	466	1,415	1,396	52	Hong Kong (1,110)
Outdoor sports equipment	1962	1,436	155	393	324	60	40	—
	1967	1,820	220	416	402	314	141	—

See footnotes at end of table.

Table 26.—Principal Imports Into Singapore of Consumer Goods from Major Sources, 1962 and 1967—Continued

(Thousands U.S. dollars)

Items	Years	Total	United States	United Kingdom	Japan	Communist China	Australia	Other
Pens and pencils	1962	2,520	716	58	289	402	17	West Germany (660)
	1967	2,899	142	43	262	1,251	52	West Gremany (808)
Candles, matches	1962	1,094	14	182	240	19	—	—
	1967	2,202	23	488	473	761	2	—

Source: 1962 figures from reports of Singapore external trade published by Department of Statistics, Singapore; 1967 figures supplied by Department of Statistics, Singapore.

Table 27.—Principal Imports Into West Malaysia of Industrial Raw Materials From Major Sources, 1962 and 1967

(Thousands U.S. dollars)

Item	Years	Total	United States	United Kingdom	Japan	Other
Unmanufactured tobacco						
	1962	6,093	3,544	—	—	India, Rhodesia
	1967	7,655	5,020	—	—	India, Rhodesia
Waste paper						
	1962	1,050	510	216	—	—
	1967	1,234	258	152	2	—
Raw cotton						
	1962	137	24	47	—	India, Brazil
	1967	3,571	1,025	34	65	India, Brazil

Source: Department of Statistics, Kuala Lumpur.

Table 28.—Principal Imports Into Singapore of Industrial Raw Materials From Major Sources, 1962 and 1967

(Thousands U.S. dollars)

Item	Years	Total	United States	United Kingdom	Japan	Other
Unmanufactured tobacco						
	1962	4,704	2,024	—	—	India, Rhodesia
	1967	5,259	2,744	—	—	India, Rhodesia
Waste paper						
	1962	525	406	74	—	Denmark
	1967	903	448	83	—	Hong Kong, West Germany
Raw cotton						
	1962	253	175	—	37	—
	1967	2,573	1,047	—	43	—

Source: Department of Statistics, Singapore.

APPENDIX **D**

Existing and Proposed Manufacturing Establishments

FIRMS MANUFACTURING IN WEST MALAYSIA UNDER BENEFITS FROM GOVERNMENT INCENTIVES PROGRAM AND PRODUCTS MANUFACTURED

(As of May 31, 1968)

Food Products:

Beatrice Foods (M) Ltd.	Condensed milk
Food Specialties Malaya Ltd.	Condensed milk
Pacific Milk Industries	Condensed milk
Malayan Marine Industries Ltd.	Canned and Frozen tuna, fish balls, fish sausages, fish meal and powder
Federal Flour Mills Ltd.	Wheat flour and bran
Malayan Flour Mills Ltd.	Wheat flour and bran
Malayan Sugar Manufacturing Co. Ltd.	Refined sugar and molasses
Asia Chemical Corp. Ltd.	Chemical animal feeds
Sin Heng Chan (M) Ltd.	Chemical animal feeds
Zephyr Chemical Feedstuffs Ltd.	Chemical animal feeds
Zuellig Feedmills (M) Ltd.	Chemical animal feeds
Goodmeal Biochemical Mfg. Ltd.	Dried yeast
Naarden (M) (Pty) Ltd.	Flavoring and coloring materials, fruit bases and tobacco sauce, synthetic perfumes
Ajinomoto (M) Ltd.	Monosodium glutamate and glutamic acid waste as adjuncts for soya sauce
Malayan Frozen Foods Ltd.	Frozen vegetable, fish, fruit, poultry, meat, pre-cooked Chinese dishes, curry and satay
Franco-Malayan Mfg. Co. Ltd.	Specialized infant and invalid food
Glaxo-Allenburrys (M) Ltd.	Pharmaceuticals
Stamford Chemical Industries Ltd.	Maltose, adhesives and glues
Chemical Industries (M) Ltd.	Ethyl alcohol
Guiness Malaysia Ltd.	Beer and stout
Malayan Breweries (M) Ltd.	Beer and stout

Textiles:

Malayan Weaving Mills Ltd.	Bleached, dyed and printed cotton and synthetic fabrics
South Pacific Textiles Industries Ltd.	Knitted hosiery and other garments and face and bath towels

Textile Corporation of Malaya Ltd.	Spun cotton
Peony Blanket Industrial Company	Blankets of cotton waste, wool and spun rayon
Goodhill Ltd.	Hosiery, gloves and other knitted goods
Min Ngai Knitting Factory (M.) Ltd.	Vests, singlets and jerseys
Federal Industries Ltd.	Incandescent mantles, gauze, lint and other medical dressing and sanitary towels
Malayan Umbrella Factory Ltd.	Umbrellas and parasols

Wood and Rattan Manufactures:

Insulations (Malaya) Ltd	Woodwool light-weight partitions and outer walls, insulating slabs for cold room and refrigerators
Malaya Plywood & Veneer Factory Ltd.	Veneer and plywood
Malayan Industrial & Engineering Co. Ltd.	Plain and veneered particle board sheets, doors, panels, including acoustic, phenol and metal faced
Malayan Veneer Ltd.	Corestock, veneers and plywood
South East Asia Lumber Corp. Ltd.	Corestock, veneers and plywood
Prefabricated Timber Houses Ltd.	Prefabricated housing units
Malaysia Senju Plywood Co. Ltd.	Corestock, veneers and plywood
Sentosa Veneer Lumber Ltd.	Veneer and plywood

Furniture and Fixtures:

Office Equipment Manufacturers (M.) Ltd.	Metal furniture for home, hospital, school and office
Khinco Limited	Metal furniture for home, hospital, school and office
Kayar (M) Ltd.	Processed coir, rubberized coir, upholstery mattresses

Paper and Paper Products:

Malayan Fibre Containers Ltd.	Corrugated and solid fiberboard cartons and sheets
Tien Wah Press (M) Ltd.	Printed and unprinted paper boxes, cartons and containers

Leather Manufactures:

Malaya Leather Co. Ltd.	Side, army-retan, split, pigskin and fancy leather

Rubber Products:

Dunlop Malayan Industries Ltd.	Vehicle tires and tubes, except for bicycles and solid

Chemicals and Chemical Products:

Esso Standard Malaya Ltd.	Liquid anhydrous ammonia and sulphur
Chemical Company of Malaysia Ltd.	Acids: hydrochloric, nitric; ammonium nitrate, granular compounds containing nitrogen phosphate, potash
Malaya Acid Works Ltd.	Sulphuric acid including battery acid and hydrochloric acid and formic acid

Cement Aids Ltd.	Cement and concrete admixtures and surface treatment
Colorcem (M) Ltd.	Cement based paints, emulsion paint, woodstain
Federal Paints	Enamel paints, lacquers, varnishes and distempers
I. C. I. Paints (M) Ltd.	Enamel paints, lacquers, varnishes and distempers
P. A. R. Malayan Paint Works (F) Ltd.	Enamel paints, lacquers, varnishes and distempers
Sissons Paints (East) Ltd.	Enamel paints, lacquers, varnishes and distempers
The National Lacquer & Paint Products Co. (M) Ltd.	Paints, enamel, lacquer and varnish
Taiping Chemcial Industries (M) Ltd.	Coal tar-wood preservatives, candles and joss paper
New Era Lubricants (Malaya) Ltd.	Recovered and regenerated lubricating oil (veg. and animal)
Glaxo Allenburys (M) Ltd.	Pharmaceuticals
Franco-Malayan Mfg. Co. Ltd.	Pharmaceuticals
Colgate Palmolive (Asia) Co. Ltd.	Synthetic detergents, toothpaste
Malayan N.S.D. Ltd.	Synthetic detergents
Lam Soon Corporation Ltd.	Abrasive scouring powder
A. S. Watson Company	Pharmaceuticals and toilet preparations
Dumex Limited	Pharmaceuticals for human and veterinary use, antibiotics, infant and invalid foods, patent medicines
Malayan Pharmaceutical Factory Ltd.	Pharmaceuticals, ointments, antibiotics, patent medicines
Beecham (Manufacturing) Ltd.	Hair cream
Johnson & Johnson (M) Ltd.	Talcum dusting medicinal and baby powders, sanitary towels and belts
Lion Dentrifice (M) Ltd.	Toothpaste
Malayan Consumer Industries (Fed.) Ltd.	Toothpaste
Kelantan Match Factory Ltd.	Matches
Perak Match Factory	Matches
Sincere Match and Tobacco Fty. Ltd.	Matches
Blood Protection Co. (M) Ltd.	Mosquito repellent coils
Pokong Industries Ltd.	Mosquito repellent coils
Sin Kheng Lee (M) Industrial Co. Ltd.	Mosquito repellent coils

Petroleum Products:

Esso Standard (M) Ltd.	Aviation and motor gasoline, diesel oil, kerosene, asphalt, bottled gas
Shell Refiining Co. (Fed. of M.) Ltd.	Aviation and motor gasoline, diesel oil, kerosene, asphalt, bottled gas
Asphalts & Allied Products (Malaya) Ltd.	Bitumen emulsion and other associated products
Malayan Bitumen Products (M) Ltd.	Bitumen impregnated fabrics and paper, and compounds

Other Non-Metallic Mineral Products:

The Malaya Glass Factory Ltd.	Glassware
Federal Tile Manufacture Ltd.	Baked clay roofing tiles
United Asbestos Cement Ltd.	Asbestos cement pipes
Hume Industries (M) Ltd.	Asbestos cement sheets and fabricated products
Malayan Nozawa Asbestos Cement Co. Ltd.	Asbestos cement sheets and fabricated products
Brady's (M) Ltd.	Plaster board and acoustic ceiling board

Metal and Metal Products:

Malayawata Steel Ltd.	Sponge iron, pig iron, steel ingots, structural bars and rods
Boon & Cheah Steel Pipes Ltd.	Steel Pipes
Malaysia Casting Co. Ltd.	Cast iron pipes and fittings and ingots
Alcan Malayan Aluminum Co. Ltd.	Aluminum and aluminum alloy sheets and circles
Crittall Malaya Ltd.	Metal windows, doors, frames, metal louvre window fittings
Seng Chong Metal Works Ltd.	Metal windows, doors, and frames
Tacam Ltd.	Metal louvre window frames, window fittings
Sincere Rolling Mills Ltd.	Metal windows, doors and frames, bolts, nuts and washers
Hock Joo Factory Ltd.	Steel bolts, nuts, washers, rivets and dog spikes
Federal Metal Printing Ltd.	Decorated lithographed metal containers
The Metal Box Company of Malaya (F) Ltd.	Decorated metal containers made of tin plate and lithographed and embossed products made of tin plate and aluminum
Kuala Lumpur Metal Printing Factory Ltd.	Decorated metal containers
Malayan Aluminum-ware Manufacturing Co. Ltd.	Aluminum household utensils and food containers
Malaysia Galvanized Iron Pipes Ltd.	Galvanized steel pipes
Malayan Steel Products Ltd.	Panel pins, wire nails
Malayan Ceramic Industries Ltd.	Household utensils or iron and steel
Tong Meng Co. (Malaya) Ltd.	Aluminum household utensils
General Container Co. Ltd.	Crown corks
Malayan United Industrial Co. Ltd.	Household utensils or iron and steel and vacuum flasks
Freezinhot Bottle Co. (M) Ltd.	Vacuum flasks
Federal Iron Works Ltd.	Galvanized iron sheets

Machinery, etc:

Singer Industries (M) Ltd.	Sewing machine heads
Carrier International (M) Ltd.	Air conditioning plants and components
Century Batteries (M) Ltd.	Lead acid accumulators and parts
Malayan Batteries Ltd.	Dry cells, including radio batteries
Malayan Cables Ltd.	Land and submarine cables and wire conductors of all types
Malayan Welding Products Ltd.	Mild steel electrodes
Malaysian Lamps Ltd.	Filament lamps, fluorescent tubes
Khinco Ltd.	Seat frame assembly, pipe inlet, pipe outlet, muffler assembly and drain tube, bus seats, bus window regulators, hand trucks, wheelbarrows
Far East Metal Works Ltd.	Bicycles, tricycles, perambulators and parts
Electric & Allied Industries Ltd.	Domestic refrigerators and airconditioners
Matsushita Electric Co. (M) Ltd.	Electric fans, T. V. and radio sets, refrigerators, electric rice cookers, irons, toasters and kettles, tape recorders
Job & Henshaw Ltd.	Electric kettles, irons, rice cookers, hot plates, table fans, ovenettes
Din-Wai Electrical Manufacturing Co. (M) Ltd.	Ceiling and table fans, switches and plugs

Miscellaneous:

Federal Plastics Industries Ltd.	Plastic articles by injection, moulding, vacuum forming, extrusion and coating, compression high frequency welding
Lison Co. Ltd.	Plastic articles produced by injection, moulding, vacuum forming, extrusion and coating
Liton Industries (M) Ltd.	Polythene bags and wrappers
Malayan Industrial Plastic Ltd.	Plastic articles produced by injection, moulding, vacuum forming, extrusion and coating
Poly Plastic (M) Ltd.	Plastic articles, produced by injection, moulding, vacuum forming, extrusion and coating, compression moulding, high frequency welding
United Plastics Ltd.	Plastic articles, produced by injection, moulding, vacuum forming, extrusion and coating, compression moulding, high frequency welding.
Malayan Polythene & Cellulose Ltd.	Polythene tubes, sheets and bags
Ferranti Ltd.	Electric power watt-hour meters
J. & J. Ho (M) Ltd.	Tooth brushes
Malayan Zips Ltd.	Zip fasteners

Source: Industrial Development Division, Ministry of Commerce and Industry, Kuala Lumpur.

FIRMS MANUFACTURING IN SINGAPORE UNDER BENEFITS FROM GOVERNMENT INCENTIVES PROGRAMS AND PRODUCTS MANUFACTURED

As of August 1, 1968

Food and Beverages:

Federal Chemical Industries (S) Ltd.	Monosodium glutamate
Khong Guan Flour Mill Ltd.	Wheat flour and by-products
Prima Ltd.	Wheat flour and by-products
Kwang Joo Seng Co. Ltd.	Vegetable oil
Mishamex Ltd.	Chewing gum and chocolates
Magnolia Dairies Ltd.	Condensed milk
Magnolia Dairies (S) Ltd.	Reconstituted milk
New Zealand Dairy Supplies (S) Ltd.	Reconstituted milk
Malaysia Dairy Industries Ltd.	Condensed milk and reconstituted milk
Sheng Huo Enterprise Ltd.	Chocolate products and instant food beverages
Zuellig (Gold Coin) Mills Ltd.	Animal feedmix
Merrymay (Industries) Ltd.	Chewing gum and confectionery
Semangat Ayer Ltd.	Bottled mineral and spring water
Sugar Industry (S) Ltd.	Refined sugar
Malaysian Feedmills Ltd.	Animal feedmix
Barrow Linton (Malaysia) Ltd.	Rolled oats for human consumption
Cathay Food Industries Ltd.	Agar agar and sugar confectionery
Hodgson Co. Ltd.	Fish meal, sauce and oils
Siong Hoe Confectionery Factory Ltd.	Sugar confectionery
Southern Industrial Corp. Ltd.	Preserved fruits and food preparations

Textile and Leather Garments:

Chenta Rayon Co. (M) Ltd.	Nylon yarn, cloth, knitted hosiery, men's and children's garments
Swan Socks Manufacturing Co. Malaysia Ltd.	Nylon yarn and knitted hosiery
Pelican Textiles Ltd.	Woven, dyed, printed and bleached fabrics and household textiles
Min Ngai Knitting Fty. Ltd.	Wearing apparel
Malaysia Net & Twine Co. Ltd.	Fishing nets and twine of synthetic yarn
National Textiles Ltd.	Spun, woven, bleached, dyed, finished or knitted goods
International Textiles Ltd.	Spun, woven, bleached, dyed, finished or knitted goods
General Leather Ltd.	Dressed leather, tannery by-products, artificial leather and fiber board
Hoowah Mfg. Co.	Wearing apparel
Ocean Garments Ltd.	Wearing apparel and nylon knitted goods
Malaysia Garmet Manufacturers Ltd.	Boy's and men's shirts, blouses, pyjamas, pants and nightgowns
Yangtzekiang Garment Mfg. Co. Ltd.	Wearing apparel
Wing Tai Garment Manufacturers (S) Ltd.	Wearing apparel
Mayalsia Dyeing & Printing Fty. Ltd.	Wearing apparel: shirts and blouses and fabrics
Sin Chew Garment Fty. (M) Ltd.	Wearing apparel
Textile Corp. of Singapore Ltd.	Men's, women's and children's wearing apparel and fabrics
Unitex (Mayalsia) Ltd.	Wearing apparel
Singapore Garment Factory Ltd.	Wearing apparel
Great Malaysia Textile Mfg. Co. Ltd.	Wearing apparel
Bhadelia Industries Ltd.	Spun, woven, bleached, dyed, finished or knitted textiles
Hong Kong Dyeing & Weaving (S) Ltd.	Bleached, dyed and printed textile fabrics
Hoo Sung Knitting Factory Ltd.	Household linens made from locally woven fabrics
Lim Seng Huat Industries Ltd.	Wearing apparel
Raya Mills Corp. Ltd.	Wearing apparel, knitted goods, cotton and synthetic thread and yarn
Singapore Textile Industries Ltd.	Spun, woven, bleached, dyed, finished or knitted textiles
Tai Wah Garments & Knitting Factory Ltd.	Wearing apparel (shirts and knitted garments)

Wood and Paper Products:

Pan-Malaysia Industries Ltd.	Plywood
Veneer Products Ltd.	Veneer and plywood
Camel Plywood Corp. Ltd.	Veneer and plywood
Starlight Timber Products Ltd.	Veneer and plywood
United Industrial Paper Products Mfg. Ltd.	Industrial paper bags
Eupoc Pulp & Paper Industries Ltd.	Paper
Moiz Yoosuf & Co. (Kilning) Ltd.	Kiln dried timber

Rubber Products:

Bridgestone Malaysia Co. Ltd.	Rubber tires, tubes, belts, hose, sheets, camelback, rubber compounds

Dunlop Singapore Ltd.	Foam rubber products
Malaysia Rubber Products Ltd.	Camel back for retreading tires, foam rubber products, rubber rods, hose, pipes and sheets
Power Foam Rubber Factory (S) Ltd.	Foam rubber products

Chemical Products:

Chemical Corp. of Singapore Ltd.	Sulphuric acid, formic acid, hydrochloric acid, nitric acid, aluminum sulphate, copper sulphate, ferrous sulphate
Standard Chemical Corp. Ltd.	Sulphuric acid and aluminum sulphate
Columbia International Corp. Ltd.	Pharmaceutical preparations and ointments
Malaysia Mosquito Spiral Coil Mfg.	Mosquito incense coils with D.D.T.
United Industrial Corp. Ltd.	Detergents, liquid and powder
Chemical Industries (F.E.) Ltd.	Sodium hydroxide, hydrochloric acid, chlorine, sodium chlorate, hydrogen
Cement Aids (S) Ltd.	Water repellent concrete additives, additives against oil and concrete setting retarders
Lam Soon Oil & Soap (S) Ltd.	Tiolet soap
Public Industrial Mfg. Co.	Naphthalene balls and tablets
Singamas Chemical Industries Ltd.	Industrial ethyl alcohol
Mizrahie & Co. (1961) Ltd.	Pharmaceutical products
Adler Cosmetics Ltd.	Toilet and medicated soap, glycerine
Beecham (Mfg.) Singapore Ltd.	Hair creams and lotions
Coates Brothers (S) Ltd.	Printing inks and pigments, printers rollers
Collie (Asia) Ltd.	Printing inks
Dainippon Ink & Chemicals (S) Co. Ltd.	Printing inks
Federal Match Co. Ltd.	Matches
Fonta Beauty Products Ltd.	Cosmetics
Health Products Ltd.	Pharmaceuticals and hair dressing
Haratex Industries Ltd.	Printing inks and water colors
Jack Chia Industries (S) Ltd.	Phermaceuticals and cosmetics
Kailey Associates Ltd.	Cosmetics
Mobil Chemical Singapore Ltd.	Sulphur
Singapore Adhesives & Chemicals Ltd.	Urea and phenol resin adhesives, formalin
Singapore Essential Oils Distillation Ltd.	Essential oils
Tancho Corp. Ltd.	Cosmetics
Warner Cosmetic Ltd.	Hair dressing material
Welco (S) Mfg. Co. Ltd.	Flavoring essences and perfume compounds
Wheelmar Chemicals (S) Ltd.	Pharmaceuticals, tablets, cosmetics and baby power
Yardley Jardine Ltd.	Cosmetics
Agricultural & Industrial Chemicals Ltd.	Chemical fertilizers, including ammonium phosphates and sulphate, super-phosphates, ammonia, insecticides, fungicides and herbicides

Petroleum and Petroleum Products:

Mobile Oil Malaysia Co. Ltd.	Gasoline, naptha, aviation turbine fuel, kerosene, gas oil, diesel fuel and fuel oil
Caltex Overseas Ltd.	Lubricants including additives and brake fluids
Castrol (F.E.) Ltd.	Lubricants including additives and brake fluids

British Petroleum Refinery (S) Ltd.	Gasoline, fuel oil, kerosene
Shell Refinery Co. (S) Ltd.	Gasoline, petroleum, naphthas, aviation turbine fuel, kerosene, gas oil, diesel fuel, fuel oil, liquid petroleum gas, lubricants, grease
Shell Bitumen Mfg. Co.	Bitumen

Non-Metallic Mineral Products:

Ceramics (Malaysia) Ltd.	Ornamental clay products, roof tiles, clay sewer pipes, ceramic ware
Pan-Malaysia Cement Works (S) Ltd.	Cement
Jurong Tile Works Ltd.	Clay roof tiles and ornamental clay products
Singapore Cement Mfg. Co. Ltd.	Cement
Brady's (S) Ltd.	Ceiling and lining boards, acoustic tiles
Fibrite Fiberglass (S) Ltd.	Fiberglass reinforced plastic products
Goh Bee Firebricks Ltd.	Refractory bricks
Kaoline Ceramics Ltd.	Ceramic sanitary ware
National Tiles Private Ltd.	Terrazo tiles and artificial marble tiles

Metal and Metal Working and Transport Equipment:

Jurong Shipyard Ltd.	Steel ships, cranes, coal and ore loading and unloading equipment
Malaysia Wire Co. Ltd.	Hard drawn steel and iron wire
Afro-Asia Industrial Co. Ltd.	Metal household utensils and hurricane lamps
Aluminum Pioneer Ltd.	Aluminum sheets, circles and rolled products
Asia Tractor Spares Ltd.	Components, accessories, spares, and fittings for tractors
Billion Zippers Mfg. Co. Ltd.	Zip fasteners
Eastern Wire Mfg. Co. Ltd.	Metal wire, wire nails and other wire products
Kent Precision Engineering Ltd.	Water meters
Khinco (S) Ltd.	Steel office furniture, spring mattresses and motor vehicle seats and frames
Malaysia Associated Industries Ltd.	Bicycles and parts
McAlister Industries Ltd.	Fire extinguishers, hose reels and cradles, electric and gas cookers, fire fighting vehicles
Metal Products Ltd.	Pressed steel sectional water tanks, light gauge sections of iron and steel
Perfect Industries (S) Ltd.	Zip fasteners
Primus-Sievert Private Ltd.	Liquid petroleum gas cylinders
Singapore Metal Factory, Ltd.	Spun iron pipes
South East Metal Industries Ltd.	Metal louvers
South East Asia Wire Co. Ltd.	Steel and iron wire
Techno Industries Ltd.	Razor blades
Tong Meng Co. Ltd.	Metal household utensils and metal hardware
Tuck Heng Metal Industry Ltd.	Metal slotted angles
Van Leer Containers (S) Ltd.	Bitumen containers
National Iron Steel Mills Ltd.	Ingots, billets, rolled steel products, hard drawn iron and steel wire, galvanized wire, nails, staples and screws

Metal Industries Ltd.	Spun iron pipes and metal louvres
Simalpan Steel Industries Ltd.	Galvanized iron sheets, galvanized steel pipes, galvanized steel plates and shapes, steel pipes and tubes, black and galvanized
The Crown Cork Co. (M) Ltd.	Crown cork
Malaysia Steel Pipe Co. Ltd.	Steel tubes, black or galvanized
Nanyang Iron Nail Fty. Co. Ltd.	Iron nails
Singapore Galvanizing Industries Ltd.	Galvanized iron sheet
John Lysaught (M) Ltd.	Rolled formed steel roof wall cladding and floor decking
Bitumen Packaging (P.B.) Ltd.	Bitumen containers
Malaysia Nails Mfg. Co.	Wire nails
Baey Kim Swee (Bolts & Nuts Works) Ltd.	Bolts, nuts, screws, seamed metal tubes
Daiwa (Malaysia) Ltd.	Prefabricated standard steel frames for buildings
Metal Tubes & Chemical Products Ltd.	Aluminum collapsible tubes with plastic caps and plastic tooth brushes
Office Equipment Mfg. Co. Ltd.	Office desks, tables, stands, filing cabinets, lockers, cupboards, shelves, chairs and other office accessories
South East Metal Industries Ltd.	Metal louvres, except aluminum
Siong Huat Industries Co.	Detinned scrap iron and recovered tin
Eastern Industries Ltd.	Detinned scrap iron and recovered tin
Metal & Ores Ltd.	Milled manganese dioxide zinc cabots
Es Ltd.	Woven wire netting, galvanized and non-galvanized
Davis Hardware (M) Ltd.	Metal fasteners and locks
Universal Crown Cork Ltd.	Crown cork
Yanmar Diesel Malaysia Co. Ltd.	Internal combustion engines

Electrical Products:

Far Eastern Cables & Switchgear Ltd.	Cables
Sigma Cable Co. Ltd.	Cables, interior building wire and cable
Singapore Battery Mfg. Co. Ltd.	Lead acid batteries
Ferris Industries (M) Ltd.	Television aerials, electrical supplies
Electrical Mfg. of Malaysia Ltd.	Bulbs for photography and motor vehicles, fluorescent lamps and tubes, switches and lampholders
Setron Ltd.	Television assembly
Pan-Electric Industries	Air conditioners, refrigerators and electric and gas stoves
Milhan Industries Ltd.	Switches, plugs, sockets and lampholders
Roxy Electric Industrial (S) Std.	Television assembly
Acma Electrical Industries Ltd.	Refrigerators, airconditioners, electric motors and appliances
Alliance Mfg. Co. Ltd.	Plastic products, electrical supplies, transistor radios and radio sets
Light Electronic Industries Ltd.	Cathode ray tubes
Morphy Richards (Far East) Ltd.	Electrical appliances (irons)
Power Industries Ltd.	Welding electrodes
Patco (S) Ltd.	Airconditioners for autos, refrigeration equipment for rolling stock
Sanyo Industries (S) Ltd.	Room airconditioners and electrical appliances
Singapore Welding Ltd.	Welding electrodes, nitrous oxide

Miscellaneous:

Camel Industries Corp. Ltd.	Plastic products—PVC floor tiles, footwear
Genaplast Ltd.	Plastic products, performed rigid polyureatheane slabs) Foam plastics
Foam Plastic Ltd.	Plastic products (PVC leather cloth)
Plasbon Malaysia Ltd.	Processed feather and feather products
Hop Lion Feather Works Ltd.	Plastic overlay plywood
Polykem Industries Ltd.	Plastic products
Singa Plastics Ltd.	Plastic products and rubberized sheets
Ya matai Plastic Industries Ltd.	Plastic toys
Blue Box Toy Factory Ltd.	Phonograph records
E.M.I. Records (S.E.A.) Ltd.	Hair wigs and processed hair
Fair Lady Fashions Ltd.	Hair wigs and processed hair
Fullmark Hair Products Ltd.	Grain treated and processed in silos of minimum storage capacity of 20,000 tons
National Grain Elevator Ltd.	Phonograph records
Phonographic Industries Ltd.	Hair wigs and processed hair
Regency Wigs Ltd.	Footwear with plastic soles and uppers of leather, textile material, or PVC leather
Simpak Co. Ltd.	Hair wigs and processed hair
Singapore Wigs Manufacturing Co. Ltd.	Sanitary towels, baby napkins. gauze, lints and other medical dressing
Tumasek Enterprises Ltd.	Plastic products—rigid PVC pipes, rain gutters and roofing panels
Sekisui Mayalsia Co. Ltd.	Sanitary towels
Kimberly-Clark (Far East) Ltd.	Fiberglass reinforced plastic products
Fiberglass Reinforced Products Ltd.	Pencils, pens and stencil paper
Fullmark Industries Ltd.	Plastic toothbrushes
J. & J. Ho (S) Ltd.	

Source: Economic Development Board, Singapore.

MANUFACTURING PROJECTS FOR MALAYSIA PROPOSED BY THE MALAYSIAN GOVERNMENT

Chocolate and chocolate preparations
Starch processing
Dehydrated molasses
Jams and jellies
Pineapple bran from pineapple waste
Veterinary feed concentrates
Carbon black
Carbon black masterbatch
Glass
High-level cisterns
Furazolidone
Sodium chlorate
Tetracycline capsules
PVC leather cloth
Sliced veneer
Parquet flooring
Furniture
Wooden doors and windows
Rubberized coir
Rubber gloves
Woven mosquito netting
Tools
Tin plate
Steel foundry complex
High tensile bolts and nuts
Ancillary industries for motor vehicle assembly
Boat building and repair facilities
Weighing machines
Sign pen assembly plant

Source: Federal Industrial Development Authority (FIDA), P.O. Box 618, Kuala Lumpur.

PRODUCTS CONSIDERED FEASIBLE FOR MANUFACTURING OR FURTHER EXPANSION IN SINGAPORE

Coconut oil, solvent extracted
Off-shore and deep-sea fishing
Fish canning
Fish meal
Fish oil
Processing chicken and complete utilization of by-products
Utilization of slaughter house waste products and imported bone for production of meal and fertilizer
Margarine
Preserved ginger
Packaged spices
Knitted garments
Weaving of woolen and worsted materials
Lace and embroidery
Spinning and weaving of synthetic fibers
Bleaching, dyeing and printing of textiles
Jute/khenaf bags
Coir & coir products
Chipboard or particle board
Hard board
Pulp and paper from hard wood waste
Wood distillation
Briquettes from sawdust
Bleached, split and PVC coated rattan
Rattan furniture (broken down for export)
Printing and publishing
V-belts and other transmission belts
Conveyor belts
Pressed articles of rubber
Dipped and cast articles of rubber
Formaldehydes
Synthetic resins
Adhesive glue
Plastic products
Polyurethane foam plastics
Glass fiber—reinforced polyester products
Synthetic fiber
Garbage composting
Carbon black including acetylene black
Pharmaceuticals
Industrial alcohol
Poly-vinyl acetate emulsion
Wood preserving compounds
Tanning extracts
Essential oils
Insecticides, fungicides and herbicides
Firecrackers and pyrotechnics
Welding electrodes
Manganese dioxide and other products from manganese ore
Ceramic sanitary ware
Household wares of porcelain
Household wares of fine earth and clay
Artificial marble and products
Prestressed concrete products including pipes
Abrasive wheels
Pig iron (charcoal blast furnace)
Iron ore benefication
Aluminum plates, sheets, foils and extruded products
Copper refining, rolling and drawing
Extrusions of copper and its alloys
Handtoools, axes, agricultural and gardening implements
Building hardware (locks, hinges, hasps)
Plumbers brassware
Flexible steel conduit
Spun iron pipes
Automobile coil springs
Automobile leaf springs
Steel office equipment
Boilers, tanks, pressure vessels and other steel fabrication
Fire extinguishers
Tool and die shop
Refrigerators (assembly and part manufacture)
Air-conditioners (assembly and part manufacture)
Typewriters (assembly and part manufacture)
Pumps and internal combustion engines (assembly and part manufacture)
Reconditioned machinery and engines
Bicycles
Components, spare parts, accessories, fittings and supplies for motor vehicles
Ship-breaking yard
Electric motors
Electric fans
Flat irons
Transformers and chokes
Underground cables
Fluorescent lamps
TV sets, radios, tape-recorders (assembly and part mfr.)
Iron-ore loading terminal
Surgical instruments
Feather products and feather meal
Buttons

Source: Economic Development Board, Fullerton Building, Singapore.

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Singapore Yearbook, 1967, Government Printing Office, Singapore

Bank Negara Malaysia Annual Report, 1967, Kuala Lumpur

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Guide for Overseas Buyers of Singapore Products, Economic Development Board, Singapore

Survey of Manufacturing Industries in West Malaysia, 1966, Department of Statistics, Kuala Lumpur

Non-Government in Malaysia:

The Federation of Malaysia Manufacturers Association

Bangkok Bank Building
No. 105, Jalan Bandar, Kuala Lumpur

The Sarawak Manufacturers Association
P. O. Box 698, Kushing, Sarawak

United Chambers of Commerce of Malaya
c/o Chinese Assembly Hall,
Jalan Birch, Kuala Lumpur

States of Malaya Chambers of Commerce

Hong Kong and Shanghai Bank Building
Kuala Lumpur
Associated Chinese Chambers of Commerce of Malaya

Chinese Assembly Hall
Jalan Birch, Kuala Lumpur

Associated Malay Chambers of Commerce of Malaya
Pudu Road, Kuala Lumpur

Sabah United Chinese Chambers of Commerce
P. O. Box 63
Kota Kinabalu, Sabah

Associated Chinese Chambers of Commerce of Sarawak

Non-Government
In Singapore:

Singapore Manufacturers Association
13th Floor, Shell House, Collyer Quay,
Singapore, 1

Singapore International Chamber of Commerce
12, Raffles Quay, Singapore, 1

Singapore Chinese Chamber of Commerce
47, Hill Street, Singapore 7

Singapore Indian Chamber of Commerce
55A, Robinson Road, Singapore, 1

Singapore Malay Chamber of Commerce
The Arcade, Raffles Quay, Singapore, 1

U.S. Government:

Market Share Reports: Malaysia, Bureau of International Commerce, available from Sales & Distribution, Room 2119, Department of Commerce, Washington, D. C. 20230

Market Share Reports: Singapore, Bureau of International Commerce, available from Sales & Distribution, Room 2119, Department of Commerce, Washington, D. C. 20230

Overseas Business Reports on Malaysia and Singapore, Bureau of International Commerce, Washington, D. C. 20230, available in single copy and subscription

International Commerce (weekly), Department of Commerce, available in single copy and subscription

Semiannual Checklist, International Business Publications, September 1969, Bureau of International Commerce

Reports on Economic Trends in Malaysia and Singapore, prepared by U. S. Embassies, from Office of Publications and Information, U. S. Department of Commerce, Washington, D. C. 20230

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Industrial Development in Asia and the Far East, Volume III. United Nations, New York, 1966

Non-Government:

The Straits Times, an English-language daily, published by the Straits Times Press, Kuala Lumpur and Singapore

Asian Industry, published monthly by Asia Marketing Media Ltd., 6 Duddell Street, Hong Kong

Far Eastern Economic Review, published weekly in Hong Kong, 401-406 Marine House

The Straits Times Directory of Singapore and Malaysia, published by the Straits Times Press, Kuala Lumpur and Singapore

Selected Listings

Representation in the United States by Malaysian and Singapore Governments:

Embassy of Malaysia
2401 Massachusetts Avenue, N. W.
Washington, D. C. 20008

Embassy of Malaysia
Commercial Office
845 Third Avenue
16th Floor New York, N. Y. 10022

Embassy of the Republic of Singapore
1825 Connecticut Avenue, N. W.
Suite 426
Washington, D. C. 20009

Singapore Investment Center
745 Fifth Avenue
New York, N. Y. 10022

Singapore Investment Center
Wells Fargo Building
San Francisco, California 94104

Singapore Investment Center
500 N. Michigan Avenue
Chicago, Illinois 60611

Government Agencies Involved in Development of Industry and Commerce:

Ministry of Commerce and Industry
Government of Malaysia, Kuala Lumpur
Industries Division
Trade Division

Malaysian Industrial Development Finance Berhad
63-65 Jalan Ampang
Kuala Lumpur

Federal Industrial Development Authority
Bank Bumiputra Building
21, Malacca Street
Kuala Lumpur

Economic Development Board
2nd Floor, Fullerton Building
Singapore 1

Investment Promotion Division
Economic Development Board
Malayan Bank Chambers
Singapore 1

Market Research Firms:

The Far East Research Organization Ltd.
400 Jalan Tuanku Abdul Rahman
Kuala Lumpur

Marketing Research Malaysia
11 Jalan Keng Hooi
Kuala Lumpur

Marketing Research Services, Sdn. Berhad
Bangunan Straits Trading Building
4 Leboh Pasar Besar
Kuala Lumpur

Survey Research Malaysia
143 Jalan Terap
Kuala Lumpur

Export Marketing Bureau
Room 707
Asia Insurance Building
Kuala Lumpur

The Far East Research Organization Ltd.
Chinese Chamber of Commerce
Hill Street
Singapore

James Knight & Co. (Singapore) Private Ltd.
Room 3, Amber Mansion
7 B, Orchard Road
Singapore, 9

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☐ **CENTRAL AMERICA, Trade & Invest. 96 pp. 60¢. 1965.**

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☐ **NIGERIA, A Market for U.S. Products. 72 pp. 50¢. 1964.**

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☐ **TAIWAN, A Market for U.S. Products. 128 pp. 75¢. 1967.**